

弘和仁愛醫院



# CONTENTS

1	Introduction
4	Chapter 1: The Cell
5	Chapter 2: The Cell Cycle
5	Chapter 3: The Cell Cycle
5	Chapter 4: The Cell Cycle
5	Chapter 5: The Cell Cycle
5	Chapter 6: The Cell Cycle
5	Chapter 7: The Cell Cycle
5	Chapter 8: The Cell Cycle
5	Chapter 9: The Cell Cycle
5	Chapter 10: The Cell Cycle
5	Chapter 11: The Cell Cycle
5	Chapter 12: The Cell Cycle
5	Chapter 13: The Cell Cycle
5	Chapter 14: The Cell Cycle
5	Chapter 15: The Cell Cycle
5	Chapter 16: The Cell Cycle
5	Chapter 17: The Cell Cycle
5	Chapter 18: The Cell Cycle
5	Chapter 19: The Cell Cycle
5	Chapter 20: The Cell Cycle
5	Chapter 21: The Cell Cycle
5	Chapter 22: The Cell Cycle
5	Chapter 23: The Cell Cycle
5	Chapter 24: The Cell Cycle
5	Chapter 25: The Cell Cycle
5	Chapter 26: The Cell Cycle
5	Chapter 27: The Cell Cycle
5	Chapter 28: The Cell Cycle
5	Chapter 29: The Cell Cycle
5	Chapter 30: The Cell Cycle
5	Chapter 31: The Cell Cycle
5	Chapter 32: The Cell Cycle
5	Chapter 33: The Cell Cycle
5	Chapter 34: The Cell Cycle
5	Chapter 35: The Cell Cycle
5	Chapter 36: The Cell Cycle
5	Chapter 37: The Cell Cycle
5	Chapter 38: The Cell Cycle
5	Chapter 39: The Cell Cycle
5	Chapter 40: The Cell Cycle
5	Chapter 41: The Cell Cycle
5	Chapter 42: The Cell Cycle
5	Chapter 43: The Cell Cycle
5	Chapter 44: The Cell Cycle
5	Chapter 45: The Cell Cycle
5	Chapter 46: The Cell Cycle
5	Chapter 47: The Cell Cycle
5	Chapter 48: The Cell Cycle
5	Chapter 49: The Cell Cycle
5	Chapter 50: The Cell Cycle
5	Chapter 51: The Cell Cycle
5	Chapter 52: The Cell Cycle
5	Chapter 53: The Cell Cycle
5	Chapter 54: The Cell Cycle
5	Chapter 55: The Cell Cycle
5	Chapter 56: The Cell Cycle
5	Chapter 57: The Cell Cycle
5	Chapter 58: The Cell Cycle
5	Chapter 59: The Cell Cycle
5	Chapter 60: The Cell Cycle
5	Chapter 61: The Cell Cycle
5	Chapter 62: The Cell Cycle
5	Chapter 63: The Cell Cycle
5	Chapter 64: The Cell Cycle
5	Chapter 65: The Cell Cycle
5	Chapter 66: The Cell Cycle
5	Chapter 67: The Cell Cycle
5	Chapter 68: The Cell Cycle
5	Chapter 69: The Cell Cycle
5	Chapter 70: The Cell Cycle
5	Chapter 71: The Cell Cycle
5	Chapter 72: The Cell Cycle
5	Chapter 73: The Cell Cycle
5	Chapter 74: The Cell Cycle
5	Chapter 75: The Cell Cycle
5	Chapter 76: The Cell Cycle
5	Chapter 77: The Cell Cycle
5	Chapter 78: The Cell Cycle
5	Chapter 79: The Cell Cycle
5	Chapter 80: The Cell Cycle
5	Chapter 81: The Cell Cycle
5	Chapter 82: The Cell Cycle
5	Chapter 83: The Cell Cycle
5	Chapter 84: The Cell Cycle
5	Chapter 85: The Cell Cycle
5	Chapter 86: The Cell Cycle
5	Chapter 87: The Cell Cycle
5	Chapter 88: The Cell Cycle
5	Chapter 89: The Cell Cycle
5	Chapter 90: The Cell Cycle
5	Chapter 91: The Cell Cycle
5	Chapter 92: The Cell Cycle
5	Chapter 93: The Cell Cycle
5	Chapter 94: The Cell Cycle
5	Chapter 95: The Cell Cycle
5	Chapter 96: The Cell Cycle
5	Chapter 97: The Cell Cycle
5	Chapter 98: The Cell Cycle
5	Chapter 99: The Cell Cycle
5	Chapter 100: The Cell Cycle



## BOARD OF DIRECTORS

### Executive Directors

- L. Chen (陳帥) (Executive Director)
- L. Lu (陸文佐) (Executive Director)
- L. Pu (蒲成川) (Executive Director)
- L. Pan (潘建麗) (Executive Director)

### Non-executive Directors

- L. Su (蘇志強) (Non-executive Director)
- L. Liu (劉路) (Non-executive Director)
- L. Wang (王楠) (Non-executive Director)
- L. Shi (石文婷) (Non-executive Director)

### Independent Non-executive Directors

- L. Dang (党金雪) (Independent Non-executive Director)
- L. Shi (史錄文) (Independent Non-executive Director)
- L. Zhou (周向亮) (Independent Non-executive Director)

## AUDIT COMMITTEE

- L. Zhou (周向亮) (Chairman)
- L. Shi (史錄文) (Member)
- L. Shi (石文婷) (Member)
- L. Dang (党金雪) (Member)

## REMUNERATION COMMITTEE

- L. Dang (党金雪) (Chairman)
- L. Pu (蒲成川) (Member)
- L. Zhou (周向亮) (Member)
- L. Su (蘇志強) (Member)

## NOMINATION COMMITTEE

- L. Chen (陳帥) (Chairman)
- L. Shi (史錄文) (Member)
- L. Dang (党金雪) (Member)

## COMPANY SECRETARY

- L. He (何詠欣) (Company Secretary)

## AUTHORISED REPRESENTATIVES

- L. Chen (陳帥) (Authorized Representative)
- L. He (何詠欣) (Authorized Representative)

## LISTING INFORMATION AND STOCK CODE

The Company's shares are listed on the Hong Kong Stock Exchange (Stock Exchange)

## HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA

The Company's head office in the People's Republic of China is located at [Address], [City], [Province], [Country] (PRC)



## CORPORATE INFORMATION

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

0, 0/4, -  
m

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

m

### REGISTERED OFFICE

L  
0,  
m, - 0,  
m

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

L  
0,  
m  
- 0, m

### COMPANY'S WEBSITE

m

### AUDITOR

# FINANCIAL SUMMARY

## CONSOLIDATED RESULTS

	The year ended		2020		2019		2018		2017	
	December 31, 2021		December 31, 2020		December 31, 2019		December 31, 2018		December 31, 2017	
	L '000	%	L '000	%	L '000	%	L '000	%	L '000	%
Revenue	520,290	100.0	500,000	100.0	480,000	100.0	450,000	100.0	420,000	100.0
Cost of sales	(306,063)	(58.8)	(290,000)	(58.0)	(280,000)	(58.3)	(270,000)	(60.0)	(260,000)	(61.9)
Gross profit	214,227	41.2	210,000	42.0	200,000	41.7	180,000	40.0	160,000	38.1
Depreciation and amortization	(2,006)	(0.4)	(2,000)	(0.4)	(2,000)	(0.4)	(2,000)	(0.4)	(2,000)	(0.5)
Impairment loss	(95,872)	(18.4)	(95,000)	(19.0)	(95,000)	(19.8)	(95,000)	(21.1)	(95,000)	(22.6)
Financial income	(26,477)	(5.1)	(26,000)	(5.2)	(26,000)	(5.4)	(26,000)	(5.8)	(26,000)	(6.2)
Financial expense	(551,981)	(106.1)	(550,000)	(110.0)	(550,000)	(114.6)	(550,000)	(122.2)	(550,000)	(131.0)
Other income	19,854	3.8	19,000	3.8	19,000	3.9	19,000	4.2	19,000	4.5
Other expense	7,181	1.4	7,000	1.4	7,000	1.4	7,000	1.6	7,000	1.7
Operating (loss)/profit	(435,074)	(83.6)	(435,000)	(87.0)	(435,000)	(90.6)	(435,000)	(96.7)	(435,000)	(103.6)
Income tax expense	(14,028)	(2.7)	(14,000)	(2.8)	(14,000)	(2.9)	(14,000)	(3.1)	(14,000)	(3.3)
(Loss)/profit before income tax	(449,102)	(86.3)	(449,000)	(89.8)	(449,000)	(93.5)	(449,000)	(100.0)	(449,000)	(107.9)
Income tax credit	86,706	16.7	86,000	17.0	86,000	17.9)	86,000	(19.1)	86,000	(20.5)
(Loss)/profit for the year	(362,396)	(69.7)	(363,000)	(72.8)	(363,000)	(75.4)	(363,000)	(80.9)	(363,000)	(86.4)
Profit from discontinued operation	-	-	-	-	-	-	-	-	-	-
(Loss)/profit for the year	(362,396)	(69.7)	(363,000)	(72.8)	(363,000)	(75.4)	(363,000)	(80.9)	(363,000)	(86.4)
Total comprehensive (loss)/income for the year	(362,396)	(69.7)	(363,000)	(72.8)	(363,000)	(75.4)	(363,000)	(80.9)	(363,000)	(86.4)

## CONSOLIDATED ASSETS AND LIABILITIES

	As of December 31,				
	2021	2020	2019	2018	2017
	L '000	L '000	L '000	L '000	L '000
Assets	3,123,714	3,000,000	2,900,000	2,800,000	2,700,000
Liabilities	1,987,887	1,900,000	1,800,000	1,700,000	1,600,000
Equity	1,135,827	1,100,000	1,100,000	1,100,000	1,100,000





# CEO'S STATEMENT

2. Construction of the Group's supply chain system. In 2017, the Group completed the construction of the supply chain system, which is a key project for the Group's supply chain management. The system is designed to improve the efficiency of the supply chain and reduce the cost of goods sold. The system is currently in operation and has shown significant results. The Group's supply chain system is a key project for the Group's supply chain management. The system is designed to improve the efficiency of the supply chain and reduce the cost of goods sold. The system is currently in operation and has shown significant results.

3. Construction of group information system. In 2017, the Group completed the construction of the group information system, which is a key project for the Group's information management. The system is designed to improve the efficiency of the information management and reduce the cost of information. The system is currently in operation and has shown significant results. The Group's information system is a key project for the Group's information management. The system is designed to improve the efficiency of the information management and reduce the cost of information. The system is currently in operation and has shown significant results.

4. Employee incentives. In 2017, the Group implemented a series of employee incentive measures, which are designed to improve the performance of the employees and increase the loyalty of the employees. The measures include performance-based bonuses, stock options, and other incentives. The measures have shown significant results and have improved the performance of the employees.

5. Functional improvement and cost control of the Group headquarters. In 2017, the Group implemented a series of functional improvement and cost control measures, which are designed to improve the efficiency of the Group headquarters and reduce the cost of the Group headquarters. The measures include process optimization, cost reduction, and other measures. The measures have shown significant results and have improved the efficiency of the Group headquarters.

(II) Optimizing the capital structure: In 2017, the Group implemented a series of measures to optimize the capital structure, which are designed to improve the capital structure and reduce the cost of capital. The measures include debt restructuring, equity financing, and other measures. The measures have shown significant results and have improved the capital structure of the Group.









# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

### Business positioning

As a result of the measures taken, the Group's operating profit increased by 1.5 million Swiss francs to 1.5 million Swiss francs. The operating profit margin was 1.5% (2020: 1.5%). The operating profit margin was 1.5% (2020: 1.5%).



# MANAGEMENT DISCUSSION AND ANALYSIS

## Business layout

... m , L & , m m , ... m )

... m m (集中採購中心) m ,

... m , m m , m ,





## MANAGEMENT DISCUSSION AND ANALYSIS

The supply-side reform of the medical care industry was further deepened. The government has issued a series of policies to promote the reform of the medical care industry, including the implementation of the "Healthy China 2030" plan, the reform of the medical insurance system, and the reform of the medical care system. The government has also issued a series of policies to promote the reform of the medical care industry, including the implementation of the "Healthy China 2030" plan, the reform of the medical insurance system, and the reform of the medical care system.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Pandemic prevention work was normalized.

During the year, the company continued to focus on pandemic prevention work, which has become a normal part of our business operations. We have implemented various measures to ensure the safety of our employees and customers, including regular health checks, maintaining social distancing, and providing personal protective equipment. These efforts have helped us maintain a high level of operational continuity and customer satisfaction throughout the year.

Our pandemic prevention work has been integrated into our overall business strategy, ensuring that it is a consistent and ongoing effort. We have also invested in training and education for our employees to raise their awareness of pandemic prevention and response. This has enabled us to quickly adapt to any changes in the public health situation and minimize the impact on our business.

In addition, we have established a robust communication system to keep our employees and customers informed about the latest developments and our company's response. This has helped to build trust and confidence in our brand, and has been a key factor in our success during these challenging times.



# MANAGEMENT DISCUSSION AND ANALYSIS

## RECENT DEVELOPMENTS

Time	Event
15, 0.	<p>L . . . . . ( )</p> <p>m ( <b>Company Secretary</b> ), ( )</p> <p>( ) m</p> <p>m ( )</p> <p>.05( )</p> <p>( <b>Listing Rules</b> ) ( <b>Process Agent</b> ) m l 5, . 0. . L . . . . .</p> <p>m</p> <p>m l 5, . 0. .</p>
, . 0.	<p>m ( <b>Share Award Scheme</b> ) l , . 0. .</p> <p>m ( )</p> <p>( <b>SAS Eligible Participants</b> ), ( )</p> <p>( )</p> <p>m</p> <p>m</p> <p>m</p> <p>m l , . 0.</p>









# MANAGEMENT DISCUSSION AND ANALYSIS

Time

Event

1,000,000

... ( Jiande Hospital ) ( ... )  
 0% ... ( 杭州金厚樸企業管理有限公司, Hangzhou Jinhoubao ) ... ( 洪江鑫 ) ... ( 洪楊 )  
 ... ( 浙江大佳醫療器械有限公司, Zhejiang Dajia ),  
 ... ( Medical Consumables and Equipment Procurement Agreement ) ...  
 ... ( Medical Procurement Agreement ) ... ( 浙江中友力醫藥有限公司, Zhejiang Zhongyouli ), ...

\* ...



# MANAGEMENT DISCUSSION AND ANALYSIS

Time	Event
2015.10.01	<p>           2015年10月1日，本公司完成收購東方同力（Acquisition of Oriental Ally），收購價為人民幣1.0億元（Put Option）0.5億元（弘毅貳零壹伍（深圳）股權投資基金中心（有限合夥），Hony 2015），收購價為人民幣1.0億元（弘毅投資管理（天津）有限合夥），Hony Tianjin），收購價為人民幣1.0億元（弘毅康壽管理諮詢（上海）有限公司，Kangshou），收購價為人民幣1.0億元（Guangsha Minority Shareholders Undertaking Letter），收購價為人民幣1.0億元（5%），收購價為人民幣1.0億元（浙江弘和致遠醫療科技有限公司，Zhejiang Honghe Zhiyuan），收購價為人民幣1.0億元（浙江廣慶醫療科技有限公司）（Remaining Interests）（Subsequent Acquisition），收購價為人民幣1.0億元（0.01）         </p>

\* 資料來源：本公司內部資料





## MANAGEMENT DISCUSSION AND ANALYSIS

Time	Event
2018	<p>2018年12月31日，本公司发行总额为\$1,000,000,000的Leap Wave可转换债券（“Leap Wave可转换债券”），其中\$500,000,000为固定利率可转换债券，\$500,000,000为浮动利率可转换债券。此外，本公司还发行了总额为\$1,000,000,000的Alteration of Terms of LW Convertible Bonds（“Alteration of Terms of LW Convertible Bonds”），其中\$500,000,000为固定利率可转换债券，\$500,000,000为浮动利率可转换债券。上述发行导致本公司2018年12月31日的总负债增加\$1,000,000,000，所有者权益增加\$500,000,000。</p>
2019	<p>2019年12月31日，本公司发行总额为\$1,000,000,000的Leap Wave可转换债券（“Leap Wave可转换债券”），其中\$500,000,000为固定利率可转换债券，\$500,000,000为浮动利率可转换债券。此外，本公司还发行了总额为\$1,000,000,000的Alteration of Terms of LW Convertible Bonds（“Alteration of Terms of LW Convertible Bonds”），其中\$500,000,000为固定利率可转换债券，\$500,000,000为浮动利率可转换债券。上述发行导致本公司2019年12月31日的总负债增加\$1,000,000,000，所有者权益增加\$500,000,000。</p>
2020	<p>2020年12月31日，本公司发行总额为\$1,000,000,000的Leap Wave可转换债券（“Leap Wave可转换债券”），其中\$500,000,000为固定利率可转换债券，\$500,000,000为浮动利率可转换债券。此外，本公司还发行了总额为\$1,000,000,000的Alteration of Terms of LW Convertible Bonds（“Alteration of Terms of LW Convertible Bonds”），其中\$500,000,000为固定利率可转换债券，\$500,000,000为浮动利率可转换债券。上述发行导致本公司2020年12月31日的总负债增加\$1,000,000,000，所有者权益增加\$500,000,000。</p>



## MANAGEMENT DISCUSSION AND ANALYSIS

**Time**

**Event**

31 March 2020



# MANAGEMENT DISCUSSION AND ANALYSIS

## EVENTS AFTER THE YEAR UNDER REVIEW

On 2021, the Company has completed the acquisition of Hangzhou Jingyouzhi (杭州靜有智企業管理有限公司) (Hangzhou Jingyouzhi) (100%) and DJ Pharmaceutical Technology (建德大家中醫藥科技有限公司) (DJ Pharmaceutical Technology) (100%).

On 2021, the Company has completed the acquisition of Hangzhou Jingyouzhi (杭州靜有智企業管理有限公司) (Hangzhou Jingyouzhi) (100%) and DJ Pharmaceutical Technology (建德大家中醫藥科技有限公司) (DJ Pharmaceutical Technology) (100%).

On 2021, the Company has completed the acquisition of Hangzhou Jingyouzhi (杭州靜有智企業管理有限公司) (Hangzhou Jingyouzhi) (100%) and DJ Pharmaceutical Technology (建德大家中醫藥科技有限公司) (DJ Pharmaceutical Technology) (100%).

## REVIEW OF 2021 ANNUAL PERFORMANCE

### Results of Operations

#### Revenue

For the year ended December 31, 2021, the Company's revenue was RMB 520,290,000, an increase of 139.2% compared to RMB 217,479,000 for the year ended December 31, 2020.

	For the year ended December 31,	
	2021 RMB'000	2020 RMB'000
Revenue	520,290	217,479
	298,436	298,436
	4,375	4,375



**Hospital management services**

Revenue from hospital management services increased by 10.0% from RMB1,000.0 million in 2020 to RMB1,100.0 million in 2021, mainly due to the increase in the number of hospital management services provided by Cixi Hospital. The number of hospital management services provided by Cixi Hospital increased by 10.0% from 1.0 million in 2020 to 1.1 million in 2021. The average price per hospital management service provided by Cixi Hospital increased by 10.0% from RMB1,000.0 in 2020 to RMB1,100.0 in 2021. The increase in the average price per hospital management service provided by Cixi Hospital was mainly due to the increase in the number of hospital management services provided by Cixi Hospital.

**General hospital services**

Revenue from general hospital services increased by 10.0% from RMB1,000.0 million in 2020 to RMB1,100.0 million in 2021, mainly due to the increase in the number of general hospital services provided. The number of general hospital services provided increased by 10.0% from 1.0 million in 2020 to 1.1 million in 2021. The average price per general hospital service provided increased by 10.0% from RMB1,000.0 in 2020 to RMB1,100.0 in 2021. The increase in the average price per general hospital service provided was mainly due to the increase in the number of general hospital services provided.

**Sale of pharmaceutical products**

Revenue from the sale of pharmaceutical products increased by 10.0% from RMB1,000.0 million in 2020 to RMB1,100.0 million in 2021, mainly due to the increase in the number of pharmaceutical products sold. The number of pharmaceutical products sold increased by 10.0% from 1.0 million in 2020 to 1.1 million in 2021. The average price per pharmaceutical product sold increased by 10.0% from RMB1,000.0 in 2020 to RMB1,100.0 in 2021. The increase in the average price per pharmaceutical product sold was mainly due to the increase in the number of pharmaceutical products sold.

**Cost of revenue**

Cost of revenue increased by 10.0% from RMB1,000.0 million in 2020 to RMB1,100.0 million in 2021, mainly due to the increase in the number of services provided. The number of services provided increased by 10.0% from 1.0 million in 2020 to 1.1 million in 2021. The average cost per service provided increased by 10.0% from RMB1,000.0 in 2020 to RMB1,100.0 in 2021. The increase in the average cost per service provided was mainly due to the increase in the number of services provided.





## MANAGEMENT DISCUSSION AND ANALYSIS

### Administrative expenses

Administrative expenses were RMB1,000 million in 2015, an increase of 5.0% from RMB950 million in 2014. The increase was primarily due to an increase in depreciation and amortization expenses of RMB50 million, an increase in employee benefits of RMB30 million, an increase in office expenses of RMB20 million, an increase in research and development expenses of RMB10 million, an increase in consulting fees of RMB10 million, an increase in advertising expenses of RMB10 million, an increase in travel expenses of RMB10 million, an increase in interest expenses of RMB10 million, an increase in other expenses of RMB10 million, and an increase in impairment losses on intangible assets of RMB10 million.

### Impairment losses on intangible assets

Impairment losses on intangible assets were RMB10 million in 2015, an increase from RMB0 million in 2014. The increase was primarily due to the impairment of certain intangible assets.

Other gains – net were RMB10 million in 2015, an increase from RMB0 million in 2014. The increase was primarily due to the disposal of certain intangible assets.

Other gains – net were RMB10 million in 2015, an increase from RMB0 million in 2014. The increase was primarily due to the disposal of certain intangible assets.

Other gains – net were RMB10 million in 2015, an increase from RMB0 million in 2014. The increase was primarily due to the disposal of certain intangible assets.

Other gains – net were RMB10 million in 2015, an increase from RMB0 million in 2014. The increase was primarily due to the disposal of certain intangible assets.

Other gains – net were RMB10 million in 2015, an increase from RMB0 million in 2014. The increase was primarily due to the disposal of certain intangible assets.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Other income

Other income was 0.0 million yen in FY2021, an increase of 0.0 million yen from 0.0 million yen in FY2020. The increase was primarily due to an increase in income from the sale of land and buildings, and an increase in income from the sale of investments.

## Finance income and finance costs

Finance income and finance costs were 0.0 million yen in FY2021, an increase of 0.0 million yen from 0.0 million yen in FY2020. The increase was primarily due to an increase in income from the sale of investments, and an increase in income from the sale of land and buildings.

Finance income and finance costs were 0.0 million yen in FY2021, an increase of 0.0 million yen from 0.0 million yen in FY2020. The increase was primarily due to an increase in income from the sale of investments, and an increase in income from the sale of land and buildings.

## Income tax credit

Income tax credit was 0.0 million yen in FY2021, an increase of 0.0 million yen from 0.0 million yen in FY2020. The increase was primarily due to an increase in income from the sale of investments, and an increase in income from the sale of land and buildings.

## Loss for the year

Loss for the year was 50 million yen in FY2021, an increase of 50 million yen from 0 million yen in FY2020. The increase was primarily due to an increase in income from the sale of investments, and an increase in income from the sale of land and buildings.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Discussion of certain items from the consolidated balance sheet

### 2017 compared to 2016

As at 31 December 2017, the consolidated net assets of the Group were RMB1,000.0 million, an increase of RMB100.0 million from RMB900.0 million as at 31 December 2016. The increase was primarily due to the increase in cash and cash equivalents, which was mainly due to the increase in cash and cash equivalents from operations.

### 2016 compared to 2015

As at 31 December 2016, the consolidated net assets of the Group were RMB900.0 million, an increase of RMB100.0 million from RMB800.0 million as at 31 December 2015. The increase was primarily due to the increase in cash and cash equivalents, which was mainly due to the increase in cash and cash equivalents from operations.

### 2015 compared to 2014

As at 31 December 2015, the consolidated net assets of the Group were RMB800.0 million, an increase of RMB100.0 million from RMB700.0 million as at 31 December 2014. The increase was primarily due to the increase in cash and cash equivalents, which was mainly due to the increase in cash and cash equivalents from operations.

# MANAGEMENT DISCUSSION AND ANALYSIS



	Year ended December 31, 2021 L '000
Opening balance	90,737
Share repurchases	221,000
Share-based payments	405,850
Share buybacks	384,445
Share cancellations	5,763
<b>Closing balance</b>	<b>338,905</b>

Share repurchases of 221,000 shares were completed during the year. Share-based payments of 405,850 shares were granted during the year. Share buybacks of 384,445 shares were completed during the year. Share cancellations of 5,763 shares were completed during the year.

## MANAGEMENT DISCUSSION AND ANALYSIS

Financial assets at fair value through profit or loss	Name of monetary funds	Balance as at December 31, 2021 (including dividend income) RMB
L	(易方達基金(龍寶貨幣 + ))	4,987,608
L	(廣發基金)	20,314,103
L	(銀華多利寶 )	14,986,018
L	(大成基金)	29,705,298
L	(國富日日收益貨幣 )	324,470
L	(泰達宏利貨幣市場基金)	5,027,068
L	(興全貨幣市場證券投資基金)	22,352,846
L	(華安日日鑫基金)	17,026,155
L	(易方達龍寶)	15,293,822
L	(諾安基金)	13,203,640
L	(泰達宏利貨幣市場基金)	9,348,313
L	(農業銀行現金寶 )	149,004
L	(廣發基金)	16,085,893
L	(長城基金)	101,200
L	(農銀安心半年開放第六期人民幣理財產品( 尊享版 ))	20,000,000
L	(農銀匠心靈動 5天人民幣理財產品)	20,000,000
L	(農銀時時付開放式人民幣理財產品)	20,000,000
L	(乾元 - 惠眾(日申季贖)開放式淨值型理財產品)	20,000,000
L	(乾元 - 惠眾(日申月贖)開放式淨值型理財產品)	40,000,000
L	(乾元 - 惠眾(日申周贖)開放式淨值型理財產品)	50,000,000





# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2015, the Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million). The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million). The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million).

The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million). The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million).

The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million). The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million).

The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million). The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million).

The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million). The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million).

The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million). The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million).

The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million). The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million).

The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million). The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million).

The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million). The Group's cash and cash equivalents, financial assets measured at fair value and other receivables were RMB1,500 million (2014: RMB1,500 million).









## MANAGEMENT DISCUSSION AND ANALYSIS

### SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During 2021, we have invested in various projects, including the acquisition of land and construction of new facilities. We expect to continue to invest in these areas over the next several years. Our future plans include expanding our production capacity and investing in research and development to improve our products and processes.

### EXPOSURE TO FOREIGN EXCHANGE RISK

We are exposed to foreign exchange risk due to our operations in various international markets. We use various financial instruments to hedge our foreign exchange risk, including forward contracts and options. Our management believes that these instruments effectively manage our foreign exchange risk.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINAL DIVIDEND

On 2023, the Board of Directors proposed a final dividend of RMB 0.05 per share, subject to the approval of the shareholders at the annual general meeting.

## HUMAN RESOURCES

As of December 31, 2023, the total number of employees of the Company was 10,000. The Company has established a complete human resource management system, including recruitment, training, performance appraisal, and compensation management. The Company has attracted and retained a large number of high-quality talents, providing strong support for the Company's business development.

The Company has implemented a series of measures to improve the quality of human resources. Through regular training and professional development, the Company has significantly improved the overall quality of its employees. At the same time, the Company has also established a fair and competitive compensation system to attract and retain talents.

In the future, the Company will continue to strengthen its human resource management, attract and retain more high-quality talents, and provide strong support for the Company's long-term development.





# REPORT OF THE DIRECTORS

## SUMMARY FINANCIAL INFORMATION

As at 31 December 2015, the Company's total assets were RMB1,000,000,000.00, total liabilities were RMB1,000,000,000.00, and total equity were RMB0.00. The Company's total assets were RMB1,000,000,000.00, total liabilities were RMB1,000,000,000.00, and total equity were RMB0.00 as at 31 December 2014.

## SHARE CAPITAL

The Company's share capital as at 31 December 2015 was RMB1,000,000,000.00, consisting of 1,000,000,000 shares of RMB1.00 each. The Company's share capital as at 31 December 2014 was RMB1,000,000,000.00, consisting of 1,000,000,000 shares of RMB1.00 each.

## FINAL DIVIDEND

The Company's final dividend for the year ended 31 December 2015 was RMB0.00 per share. The Company's final dividend for the year ended 31 December 2014 was RMB0.00 per share.

The Company's final dividend for the year ended 31 December 2015 was RMB0.00 per share. The Company's final dividend for the year ended 31 December 2014 was RMB0.00 per share.







CONVERTIBLE BONDS

Vanguard Convertible Bonds

... ( Vanguard Glory ), ... 0. % ... L  
5, . 0 , ... m

... ( Vanguard Convertible Bonds ) ... \$ . 00

... , 000,000 ... ( ... )  
... m ) . m , ... m

... 0. 0 , ... m ... m  
... m ... m

( Alteration of Terms of Vanguard Convertible Bonds ).

... ( ) m  
... L 5, . 0 . m , . 0 . ( )  
... m  
... m  
... ( . . . ) , ...

... m  
... m ... 0 .

... m , . 0 0 ... 0 .  
... L , . 0 .

... m , . 5, . 0 , ... m  
... \$ 5.00





## REPORT OF THE DIRECTORS

... m ... \$ m ... m ... \$ .05 m ...  
 ... L ... ( Cixi Hongai ) ... L ... .0 ...  
 ... m ... .0 ... m ... \$ m ...  
 ... m ...  
 ... .0 ... m ...  
 ... m ... m ...  
 ... m ... m ...  
 ... .0 ... m ... m ...

	Percentage of the total amount	Net proceeds \$ m	Utilized amount \$ m	Unutilized amount \$ m	Expected time period
	5%		.05		
m m	55%	.5			.0
	00%		.05		
m ... .0 ...					m
m ...		5, .0	, .0		

### Dilution Impact on Earnings per Share

... m ... m ... L ... .0 ... m ...  
 ... m ... .0 ... m ... m ...  
 ... L ... .0 ... L ... .0 ...  
 ... m ... m ... m ...  
 ... m ... m ... m ...

Date December 29, 2023  
 ( \$ )  
 .0



Hony Convertible Bonds

L 0,000,000 ( Hony Fund VIII ) Share Purchase Agreement ) ( Oriental Ally ), L 0,000,000 ( \$ , , ).

m m , 00% ( Impeccable Success ), 5% L ( Zhejiang Honghe Zhiyuan ) Target Group ).

0, m , 00% 5% L m ( Hony Convertible Bonds ) m

\$ , m m \$ .00 m \$ .00. 5 m ( m , \$ 0.00 ( m ). m

m L 0,000,000 m \$ 0.00

m , 0, m L 0,000,000



## REPORT OF THE DIRECTORS

### Dilution Impact on Earnings per Share

Basic EPS	1.00	0.00	0.00
Dilution from convertible debt	(0.00)	(0.00)	(0.00)
Dilution from convertible preferred stock	(0.00)	(0.00)	(0.00)
Dilution from convertible preferred stock	(0.00)	(0.00)	(0.00)
Dilution from convertible preferred stock	(0.00)	(0.00)	(0.00)
Dilution from convertible preferred stock	(0.00)	(0.00)	(0.00)
Dilution from convertible preferred stock	(0.00)	(0.00)	(0.00)
Dilution from convertible preferred stock	(0.00)	(0.00)	(0.00)
Dilution from convertible preferred stock	(0.00)	(0.00)	(0.00)
Dilution from convertible preferred stock	(0.00)	(0.00)	(0.00)
Dilution from convertible preferred stock	(0.00)	(0.00)	(0.00)
Dilution from convertible preferred stock	(0.00)	(0.00)	(0.00)

Date August 7, 2023  
 (in \$ millions)

---

.00

### LW Convertible Bonds

Balance at beginning of period	1,000,000,000	(1,000,000,000)	0.00	0.00
Issuance of convertible bonds	1,000,000,000	(1,000,000,000)	0.00	0.00
Redemption of convertible bonds	(1,000,000,000)	1,000,000,000	0.00	0.00
Conversion of convertible bonds	(1,000,000,000)	1,000,000,000	0.00	0.00
Balance at end of period	1,000,000,000	(1,000,000,000)	0.00	0.00
Balance at beginning of period	1,000,000,000	(1,000,000,000)	0.00	0.00
Issuance of convertible bonds	1,000,000,000	(1,000,000,000)	0.00	0.00
Redemption of convertible bonds	(1,000,000,000)	1,000,000,000	0.00	0.00
Conversion of convertible bonds	(1,000,000,000)	1,000,000,000	0.00	0.00
Balance at end of period	1,000,000,000	(1,000,000,000)	0.00	0.00
Balance at beginning of period	1,000,000,000	(1,000,000,000)	0.00	0.00
Issuance of convertible bonds	1,000,000,000	(1,000,000,000)	0.00	0.00
Redemption of convertible bonds	(1,000,000,000)	1,000,000,000	0.00	0.00
Conversion of convertible bonds	(1,000,000,000)	1,000,000,000	0.00	0.00
Balance at end of period	1,000,000,000	(1,000,000,000)	0.00	0.00

Balance at end of period + 5.00 = 5.00



... 0. ... m ... ( Early Redemption ), ...

... m ... 0. ...

... m ...

( ) ... m ...

... m ... L ... m ...

... m ... %.

(.) ... m ...

... m ... m ... m ...

... m ... m ... m ... ( . . 5% m ) ...

... m ...

# REPORT OF THE DIRECTORS

Payment dates	Instalment amount (in million)
2021, 0, 0	550
2022, 0, 0	550
2023, 0, 0	550
	1,650

Total amount of convertible bonds: RMB 1,650 million  
 Total amount of convertible bonds: RMB 1,650 million

## Dilution Effect of the Conversion of the Vanguard Convertible Bonds and the Hony Convertible Bonds

The following table shows the dilution effect of the conversion of the Vanguard Convertible Bonds and the Hony Convertible Bonds on the substantial shareholders of the Company as at December 31, 2021.

Substantial Shareholders	As at December 31, 2021		Immediately upon full conversion of the Vanguard Convertible Bonds and the Hony Convertible Bonds	
	Number of Shares (in million)	Percentage (%)	Number of Shares (in million)	Percentage (%)
Mr. Sun Xiaohong	1,000,000	0.00	1,000,000	0.00
Ms. Sun Xiaohong	0	0.00	5	0.00
	<u>1,000,000</u>	<u>0.00</u>	<u>1,000,000</u>	<u>0.00</u>



PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company has not purchased, sold or redeemed any of its listed securities.

DIRECTORS

The following table sets out the names of the directors of the Company during the year.

Executive Directors:

- Mr. [Name] (Executive Director since [Date])
- Mr. [Name]
- Mr. [Name] (Executive Director since [Date])
- Mr. [Name] (Executive Director since [Date])

Non-executive Directors:

- Mr. [Name] (Independent Non-executive Director since [Date])
- Mr. [Name] (Independent Non-executive Director since [Date])
- Mr. [Name]
- Mr. [Name]

Independent non-executive Directors:

- Mr. [Name]
- Mr. [Name]
- Mr. [Name]

The following table sets out the names of the directors of the Company during the year.

- Mr. [Name], Mr. [Name], Mr. [Name], Mr. [Name], Mr. [Name], Mr. [Name] (AGM), Mr. [Name], Mr. [Name]
- Mr. [Name], Mr. [Name], Mr. [Name], Mr. [Name], Mr. [Name], Mr. [Name]
- Mr. [Name], Mr. [Name], Mr. [Name], Mr. [Name], Mr. [Name], Mr. [Name]



## REPORT OF THE DIRECTORS

### DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

As of the end of the reporting period, the following directors have provided information pursuant to Rule 13.51B(1) of the Listing Rules:

Li Xiaohu, Chairman, has provided information pursuant to Rule 13.51B(1) of the Listing Rules. Mr. Li is a resident of the PRC and is a natural person.

### DIRECTORS' SERVICE CONTRACTS

Mr. Li Xiaohu, Chairman, has entered into a service contract with the Company. The term of the contract is for a period of three years commencing from the date of the appointment of Mr. Li as Chairman. The contract provides for an annual fee of RMB1,000,000.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND COMPETING BUSINESS

None of the directors has any interests in contracts of significance or competing business. Mr. Li Xiaohu, Chairman, is also a director of HCC, a company listed on the Shanghai Stock Exchange. HCC is engaged in the same business as the Company.

None of the directors has any interests in contracts of significance or competing business. Mr. Li Xiaohu, Chairman, is also a director of HCC, a company listed on the Shanghai Stock Exchange. HCC is engaged in the same business as the Company.

### CONTRACTS OF SIGNIFICANCE

None of the directors has any interests in contracts of significance. Mr. Li Xiaohu, Chairman, is also a director of HCC, a company listed on the Shanghai Stock Exchange. HCC is engaged in the same business as the Company.

CONTINUING CONNECTED TRANSACTIONS

1. On 10 October 2021, the Board of Directors of the Company approved the following continuing connected transactions for the year ending 31 December 2021:

(i) The Company entered into a framework agreement with Zhejiang Province Medical Insurance Bureau (the "Medical Insurance Bureau") for the year ending 31 December 2021, pursuant to which the Company will provide medical services to the Medical Insurance Bureau. The framework agreement is subject to the approval of the Medical Insurance Bureau's tendering platform (the "Tendering Platform") for the year ending 31 December 2021. The framework agreement is subject to the approval of the Medical Insurance Bureau's tendering platform (the "Tendering Platform") for the year ending 31 December 2021. The framework agreement is subject to the approval of the Medical Insurance Bureau's tendering platform (the "Tendering Platform") for the year ending 31 December 2021.

(ii) The Company entered into a framework agreement with Zhejiang Province Medical Insurance Bureau (the "Medical Insurance Bureau") for the year ending 31 December 2021, pursuant to which the Company will provide medical services to the Medical Insurance Bureau. The framework agreement is subject to the approval of the Medical Insurance Bureau's tendering platform (the "Tendering Platform") for the year ending 31 December 2021. The framework agreement is subject to the approval of the Medical Insurance Bureau's tendering platform (the "Tendering Platform") for the year ending 31 December 2021. The framework agreement is subject to the approval of the Medical Insurance Bureau's tendering platform (the "Tendering Platform") for the year ending 31 December 2021.

5% (0.55-0.00-0.5) ( )





# REPORT OF THE DIRECTORS

## Annual caps and historical transaction amounts

Item	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Capital Expenditure	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million
Operating Expenses	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million
Financial Expenses	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million
Income Tax	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million
Other Expenses	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million
Total	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million	RMB 1,000.0 million



... m

... 0, ... m ... m

... L ... m ... m

L 5,000, m ... ( ) ... L 50,000

m ... ( ) ... L 0,000

... L ... m ... L ... m

... m ... m ... m ... m ... m

**Internal control procedures**

... m ... m

... m ... m

( ) ... m ... m

( ) m ... m ... m ... m ... m

... L ... m ... m ... m ... m

( ) ... m ... m ... m ... m ... m



## REPORT OF THE DIRECTORS

The Board has reviewed the consolidated financial statements of the Company and the Group for the year ended 31 December 2021, which were prepared in accordance with the accounting policies adopted by the Company and the Group and the applicable financial reporting framework. The Board is satisfied that the consolidated financial statements of the Company and the Group for the year ended 31 December 2021 present a true and fair view of the financial position, financial performance, cash flows and other financial information of the Company and the Group for that year.

The consolidated financial statements of the Company and the Group for the year ended 31 December 2021 are available for inspection at the Company's head office.

The consolidated financial statements of the Company and the Group for the year ended 31 December 2021 are available for inspection at the Company's head office.

### Auditor's report on continuing connected transactions

The auditor's report on continuing connected transactions of the Company and the Group for the year ended 31 December 2021 is set out in the report of the independent member of the audit committee on the website of the Company and the Group at <http://www.hcc.com.hk>. The auditor's report is available for inspection at the Company's head office.

The auditor's report on continuing connected transactions of the Company and the Group for the year ended 31 December 2021 is set out in the report of the independent member of the audit committee on the website of the Company and the Group at <http://www.hcc.com.hk>. The auditor's report is available for inspection at the Company's head office.

The auditor's report on continuing connected transactions of the Company and the Group for the year ended 31 December 2021 is set out in the report of the independent member of the audit committee on the website of the Company and the Group at <http://www.hcc.com.hk>. The auditor's report is available for inspection at the Company's head office.

The auditor's report on continuing connected transactions of the Company and the Group for the year ended 31 December 2021 is set out in the report of the independent member of the audit committee on the website of the Company and the Group at <http://www.hcc.com.hk>. The auditor's report is available for inspection at the Company's head office.

The auditor's report on continuing connected transactions of the Company and the Group for the year ended 31 December 2021 is set out in the report of the independent member of the audit committee on the website of the Company and the Group at <http://www.hcc.com.hk>. The auditor's report is available for inspection at the Company's head office.

The auditor's report on continuing connected transactions of the Company and the Group for the year ended 31 December 2021 is set out in the report of the independent member of the audit committee on the website of the Company and the Group at <http://www.hcc.com.hk>. The auditor's report is available for inspection at the Company's head office.

The auditor's report on continuing connected transactions of the Company and the Group for the year ended 31 December 2021 is set out in the report of the independent member of the audit committee on the website of the Company and the Group at <http://www.hcc.com.hk>. The auditor's report is available for inspection at the Company's head office.

The auditor's report on continuing connected transactions of the Company and the Group for the year ended 31 December 2021 is set out in the report of the independent member of the audit committee on the website of the Company and the Group at <http://www.hcc.com.hk>. The auditor's report is available for inspection at the Company's head office.

The auditor's report on continuing connected transactions of the Company and the Group for the year ended 31 December 2021 is set out in the report of the independent member of the audit committee on the website of the Company and the Group at <http://www.hcc.com.hk>. The auditor's report is available for inspection at the Company's head office.

The auditor's report on continuing connected transactions of the Company and the Group for the year ended 31 December 2021 is set out in the report of the independent member of the audit committee on the website of the Company and the Group at <http://www.hcc.com.hk>. The auditor's report is available for inspection at the Company's head office.

The auditor's report on continuing connected transactions of the Company and the Group for the year ended 31 December 2021 is set out in the report of the independent member of the audit committee on the website of the Company and the Group at <http://www.hcc.com.hk>. The auditor's report is available for inspection at the Company's head office.

The auditor's report on continuing connected transactions of the Company and the Group for the year ended 31 December 2021 is set out in the report of the independent member of the audit committee on the website of the Company and the Group at <http://www.hcc.com.hk>. The auditor's report is available for inspection at the Company's head office.







▼ 2021年

- ( ) 2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日( )、000,000  
 2021年12月31日( )、2021年9月30日、2021年6月30日及び2021年3月31日、000,000  
 2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日、%  
 2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日、
- ( ) 2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日、  
 2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日、  
 2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日、  
 L、2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日、0%  
 2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日、L、  
 2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日、%、L、  
 2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日、L、  
 2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日、L、  
 2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日、
- ( ) 2021年12月31日( )、2021年9月30日、2021年6月30日及び2021年3月31日、  
 2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日( )、  
 2021年12月31日( )、2021年9月30日、2021年6月30日及び2021年3月31日( )  
 2021年12月31日( )、2021年9月30日、2021年6月30日及び2021年3月31日、L、  
 2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日、  
 0%、2021年12月31日、2021年9月30日、2021年6月30日及び2021年3月31日、



## REPORT OF THE DIRECTORS

### SHARE-BASED PAYMENT SCHEMES

As at 31 December 2019, the Company had a share-based payment scheme in the form of a share option scheme (the "Scheme") which was approved by the shareholders of the Company at the annual general meeting held on 27 April 2016. The Scheme is subject to the terms and conditions set out in the Scheme Document. The Scheme is intended to provide an incentive to the directors and employees of the Company to contribute to the success of the Company and to retain them for a longer period of time. The Scheme is also intended to provide a means of rewarding the directors and employees of the Company for their contribution to the success of the Company.



# REPORT OF THE DIRECTORS

L 5, . 0 ,





## REPORT OF THE DIRECTORS

... m L 5, 0 0, ... 5% ... m ... ,

... L 5, 0 , ... 5% ... m ...

... m ... L 5 ,000 ... m , 0 . ( 0 . 0 .

... L 0,000 ... ) .

### (c) Service Contract with Mr. Lu Wenzuo

... m ( New Pride )

... L ( Service Contract ), ...

... L ... m L ... m ...

( Weikang Investment ) ... m , m ...

... m , 0 .

(“



## REPORT OF THE DIRECTORS





... / m ...  
... m ...  
... m ...  
... ( ... ) ...

... ( ) ...  
... ( ) ...  
... ( ) ...  
... m ...  
... m ...

... m ... m ... m ...  
... m ... m ...  
... m ... m ...  
... m ... m ...  
... m ... m ...  
... m ... m ...  
... m ... m ...

... m ... m ... m ...  
... 0 ...

**EQUITY-LINKED AGREEMENTS**

... m ... m ...  
... m ... m ...  
... m ... m ...  
... m ... m ... 0 ... 0 ...



## **REPORT OF THE DIRECTORS**

### **NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS**



**PENSION SCHEME**

Our pension scheme is a defined contribution scheme, the Central Pension Scheme (CPS). The CPS is a multi-employer defined contribution pension scheme established under the Pension Schemes Act 1993. The CPS is a multi-employer defined contribution pension scheme established under the Pension Schemes Act 1993. The CPS is a multi-employer defined contribution pension scheme established under the Pension Schemes Act 1993.

The CPS is a multi-employer defined contribution pension scheme established under the Pension Schemes Act 1993. The CPS is a multi-employer defined contribution pension scheme established under the Pension Schemes Act 1993. The CPS is a multi-employer defined contribution pension scheme established under the Pension Schemes Act 1993.

The CPS is a multi-employer defined contribution pension scheme established under the Pension Schemes Act 1993. The CPS is a multi-employer defined contribution pension scheme established under the Pension Schemes Act 1993. The CPS is a multi-employer defined contribution pension scheme established under the Pension Schemes Act 1993.

**MANAGEMENT CONTRACTS**

There are no management contracts in place for the reporting period.

**PERMITTED INDEMNITY PROVISION**

The permitted indemnity provision is set out in the relevant provisions of the company's articles of association and the company's memorandum of association.

**KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS**

Key relationships with employees, customers and suppliers are detailed in the relevant sections of the report.



# REPORT OF THE DIRECTORS

m, which is 100% of the total amount of the investment. The investment is expected to be completed by the end of 2015. The investment is expected to be completed by the end of 2015. The investment is expected to be completed by the end of 2015.

m, which is 100% of the total amount of the investment. The investment is expected to be completed by the end of 2015. The investment is expected to be completed by the end of 2015. The investment is expected to be completed by the end of 2015.

m, which is 100% of the total amount of the investment. The investment is expected to be completed by the end of 2015. The investment is expected to be completed by the end of 2015. The investment is expected to be completed by the end of 2015.



**MAJOR CUSTOMERS AND SUPPLIERS**

As at 31.03.2021, the major customers and suppliers of the Company are as follows:

Customer/Supplier	2021 (m)	2020 (m)
Major Customers	1,000.0	1,000.0
Major Suppliers	1,000.0	1,000.0

The above information is provided for information only and does not constitute a recommendation or an offer of any securities. The Company is not aware of any material changes in the financial position of its major customers and suppliers during the year.

The Company's major customers and suppliers are as follows:

Customer/Supplier	2021 (m)	2020 (m)
Customer A	100.0	100.0
Customer B	100.0	100.0
Supplier C	100.0	100.0
Supplier D	100.0	100.0

As at 31.03.2021, the major customers and suppliers of the Company are as follows:

Customer/Supplier	2021 (m)	2020 (m)
Customer E	100.0	100.0
Supplier F	100.0	100.0

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

The Company has no shares or debentures outstanding as at 31.03.2021. The Company is not aware of any material changes in the financial position of its major customers and suppliers during the year.





## REPORT OF THE DIRECTORS



# REPORT OF THE DIRECTORS

The Board of Directors has reviewed the financial statements and is satisfied that they present a true and fair view of the financial position and performance of the Company for the period ended 31 December 2021. The Board also confirms that the financial statements have been prepared in accordance with the applicable accounting standards and practices.

The Board has also reviewed the Company's financial position and is satisfied that the Company has sufficient resources to meet its obligations as they fall due. The Board also confirms that the Company has not been involved in any litigation or other legal proceedings that may have a material impact on the Company's financial position.

The Board has also reviewed the Company's risk management policies and is satisfied that the Company has adequate risk management policies in place to manage its risks. The Board also confirms that the Company has not been involved in any activities that may be considered to be outside the normal course of business.

The Board has also reviewed the Company's related party transactions and is satisfied that they have been conducted in accordance with the applicable accounting standards and practices. The Board also confirms that the related party transactions have not resulted in any conflicts of interest.

## Liquidity Risk

The Company's liquidity risk is managed through the use of short-term, high-quality investments. The Company also maintains a cash and cash equivalents balance of approximately 100 million Saudi Riyals. The Board is satisfied that the Company has sufficient resources to meet its obligations as they fall due.

## Capital Risk

The Company's capital risk is managed through the use of a mix of equity and debt financing. The Company also maintains a debt-to-equity ratio of approximately 0.5. The Board is satisfied that the Company has sufficient resources to meet its obligations as they fall due.



# REPORT OF THE DIRECTORS

## ENVIRONMENTAL POLICIES AND PERFORMANCE

Our environmental policies and performance are detailed in the following sections. We are committed to reducing our carbon footprint, conserving resources, and minimizing waste. Our performance is measured against industry standards and regulatory requirements. We have implemented various initiatives to improve our environmental performance, including energy efficiency programs, waste management systems, and environmental training for our employees. Our goal is to achieve a net-zero carbon footprint by 2050. We will continue to monitor and report on our environmental performance to ensure transparency and accountability.

## DIRECTORS

Chen Shuai (陳帥)

Mr. Chen Shuai, born in 1978, is a Chinese citizen and holds a Bachelor's degree in Finance from the University of International Business and Economics. He has worked for Hony Capital (China) Investment Management Co., Ltd. since 2010, where he has held various positions, including Senior Analyst, Associate Director, and Director. He is currently the Director of Hony Capital (China) Investment Management Co., Ltd. Mr. Chen Shuai is also a member of the China Securities Association and the China Investment Association. He has been a member of the Board of Directors of Hony Capital (China) Investment Management Co., Ltd. since 2010. Mr. Chen Shuai is not a shareholder of the Company and has no other significant interests in the Company. He is not a director or officer of any other listed company.



## Pu Chengchuan (蒲成川)

1. Introduction

Let  $f(x) = x^5 - 5x^4 + 10x^3 - 10x^2 + 5x - 1$ . We will show that  $f(x)$  is irreducible over  $\mathbb{Q}$ .

Consider the polynomial  $f(x) = x^5 - 5x^4 + 10x^3 - 10x^2 + 5x - 1$ .

Let  $\alpha$  be a root of  $f(x)$ . Then  $\alpha^5 - 5\alpha^4 + 10\alpha^3 - 10\alpha^2 + 5\alpha - 1 = 0$ .

)



## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

### Pan Jianli (潘建麗)

Ms. Pan Jianli

Ms. Pan Jianli, born in 1974, graduated from the School of Management, Tsinghua University, with a Bachelor's degree in Management Science and Engineering. She has worked in the pharmaceutical industry for over 15 years, including positions of Senior Manager, Director of Marketing, and Director of Sales at various pharmaceutical companies. She has extensive experience in marketing, sales, and business development in the pharmaceutical sector. Ms. Pan has been a member of the Board of Directors of Hospital Corporation of China Limited since 2015. She is also a member of the China Pharmaceutical Marketing Association and the China Pharmaceutical Sales Association.

Ms. Pan Jianli, born in 1974, graduated from the School of Management, Tsinghua University, with a Bachelor's degree in Management Science and Engineering. She has worked in the pharmaceutical industry for over 15 years, including positions of Senior Manager, Director of Marketing, and Director of Sales at various pharmaceutical companies. She has extensive experience in marketing, sales, and business development in the pharmaceutical sector. Ms. Pan has been a member of the Board of Directors of Hospital Corporation of China Limited since 2015. She is also a member of the China Pharmaceutical Marketing Association and the China Pharmaceutical Sales Association.

Ms. Pan Jianli, born in 1974, graduated from the School of Management, Tsinghua University, with a Bachelor's degree in Management Science and Engineering. She has worked in the pharmaceutical industry for over 15 years, including positions of Senior Manager, Director of Marketing, and Director of Sales at various pharmaceutical companies. She has extensive experience in marketing, sales, and business development in the pharmaceutical sector. Ms. Pan has been a member of the Board of Directors of Hospital Corporation of China Limited since 2015. She is also a member of the China Pharmaceutical Marketing Association and the China Pharmaceutical Sales Association.







# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

## Dang Jinxue (党金雪)

Ms. Dang Jinxue (党金雪), born in 1963, is a senior medical professional with over 30 years of experience in hospital management. She has held various positions in the medical field, including Director of the Department of Cardiology at the Westing Hospital (西京醫院), Director of the Department of Cardiology at the Weinan Jingkai District People's Hospital (渭南經開區人民醫院), Director of the Department of Cardiology at the Xi'an Chang'an Hospital (西安長安醫院), and Director of the Department of Cardiology at the Xi'an Xin Chang'an Medical Investment Co., Ltd. (西安新長安醫療投資有限公司). She is also a member of the Board of Directors of Beijing Kangjia Yongjian Medical Investment Management Co., Ltd. (北京康嘉永健醫療投資管理有限公司) and the Board of Directors of Yulin Kangfu Hospital (友芳醫院).

Ms. Dang Jinxue (党金雪) is a senior medical professional with over 30 years of experience in hospital management. She has held various positions in the medical field, including Director of the Department of Cardiology at the Westing Hospital (西京醫院), Director of the Department of Cardiology at the Weinan Jingkai District People's Hospital (渭南經開區人民醫院), Director of the Department of Cardiology at the Xi'an Chang'an Hospital (西安長安醫院), and Director of the Department of Cardiology at the Xi'an Xin Chang'an Medical Investment Co., Ltd. (西安新長安醫療投資有限公司). She is also a member of the Board of Directors of Beijing Kangjia Yongjian Medical Investment Management Co., Ltd. (北京康嘉永健醫療投資管理有限公司) and the Board of Directors of Yulin Kangfu Hospital (友芳醫院).

Shi Luwen (史錄文)

(史錄文), 5, 0 (北京大學藥學院) 000 (北京大學醫藥管理國際研究中心) 00. L

Name of organization

Position

(中國藥促會藥物政策專委會)  
 (中國藥學會藥事管理專委會)  
 (中國研究型醫院學會藥物經濟學專業委員會)  
 (北京醫學會罕見病分會)  
 (中國研究型醫院學會兒科專業委會)  
 (國家醫療保障局醫藥價格和招標採購指導中心)  
 (國家食品藥品監督總局仿製藥質量和療效一致性評價專家委員會)  
 (中國衛生部深化醫藥衛生體制改革專家諮詢組)

(中國醫藥健康產業股份有限公司), 0005), 0 5. L ( ) (科學中國人( 0 )年度人物) (醫院科技創新獎) (薛暮橋價格研究獎) (中國價格協會) 0 0. (北京市科學技術獎)

(北京大學醫學部) (北京醫科大學))



## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

### Zhou Xiangliang (周向亮)

Mr. Zhou Xiangliang (周向亮)

Mr. Zhou Xiangliang (周向亮), born in 1970, graduated from the Department of Accounting, Beijing University of Aeronautics and Astronautics, and obtained a Bachelor's degree in Accounting. He has worked for Beijing Zhonghuan Xingke Technology Co., Ltd. (北京中環信科科技股份有限公司) since 2000, serving as the General Manager of the Finance Department. He is also a member of the Beijing Association of Accountants (北京註冊會計師協會).

Mr. Zhou Xiangliang (周向亮) graduated from the Department of Accounting, Central University of Finance and Economics (中央財經大學) and obtained a Bachelor's degree in Accounting. He is a member of the China Association of Accountants (中國註冊會計師協會) and the Beijing Association of Accountants (北京註冊會計師協會). He has worked for Tianjin Hexin Investment Co., Ltd. (天津和信源投資公司) since 2000, serving as the General Manager of the Finance Department.

## SENIOR MANAGEMENT

### Wu Yuanzhi (吳遠志)

Mr. Wu Yuanzhi (吳遠志), Chairman of the Board, has over 30 years of experience in the pharmaceutical industry. He has held various senior management positions in major pharmaceutical companies, including Wuhan Iron and Steel Hospital (武鋼總醫院), Wuhan Iron and Steel Hospital No. 2 (武鋼二醫院), and Huawen Iron and Steel Hospital Management Company (華潤武鋼醫院管理公司). He is also a member of the Board of Directors of Huawen Medical Group Limited (華潤醫療集團有限公司).

Mr. Wu Yuanzhi (吳遠志) is a graduate of Hubei Nationalities University Medical College (湖北民族大學醫學院).

### Lang Xiaofeng (郎曉峰)

Mr. Lang Xiaofeng (郎曉峰), Director, has over 20 years of experience in the pharmaceutical industry. He has held various senior management positions in major pharmaceutical companies, including the Director of the Development Department (公司發展部總監). He is also a member of the Board of Directors of Huawen Medical Group Limited (華潤醫療集團有限公司).

Mr. Lang Xiaofeng (郎曉峰) is a graduate of Melbourne University (墨爾本大學) and Dalian University of Technology (大連理工大學).



# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

## Ding Yue (丁玥)

丁玥女士，現年 45 歲，中國籍，持有中國護照。她於 2015 年 10 月加入本公司，擔任護理總監。她擁有超過 20 年的護理管理經驗，曾先後在多家大型醫院擔任護理部副主任、護理部部長等職務。她曾先後在中華護理學會、北京護理學會、中國醫院協會等組織擔任理事職務。她曾先後在《中華護理雜誌》、《護理學雜誌》等期刊發表多篇論文。她曾先後獲得中國醫院協會、中華護理學會、北京護理學會等組織頒發的獎項。她曾先後獲得北京大學醫學部醫院管理處頒發的獎項。她曾先後獲得中國醫院協會、中華護理學會、北京護理學會等組織頒發的獎項。她曾先後獲得北京大學醫學部醫院管理處頒發的獎項。

Yang Su (楊蘇)





Insurance for Directors

...

Chairman and Chief Executive Officer

... ( Chief Executive Office ) ...  
... ( Mr. Chen ) ...

Independent Non-executive Directors

...



## Directors' Re-election

In accordance with the provisions of the articles of association of HCC, all directors should be elected for a term of three years. On 26th December 2016, the 2016 Annual General Meeting of HCC was held, which was attended by 1,047 shareholders and their representatives, representing 97.88% of the total number of shares of HCC, and all directors were re-elected for a term of three years. All directors were re-elected for a term of three years. The re-election of directors was approved by a majority of the shareholders present at the meeting. The re-election of directors was approved by a majority of the shareholders present at the meeting.

## Responsibilities, Accountabilities and Contributions of the Board and Management

The Board of Directors is responsible for the overall strategy and direction of the Company, and for the management and control of the Company. The Board is responsible for the overall strategy and direction of the Company, and for the management and control of the Company. The Board is responsible for the overall strategy and direction of the Company, and for the management and control of the Company. The Board is responsible for the overall strategy and direction of the Company, and for the management and control of the Company. The Board is responsible for the overall strategy and direction of the Company, and for the management and control of the Company.



المجلس التنفيذي للمؤسسة، حيث يترأسه مدير المؤسسة، ويتكون من أعضاء من مختلف التخصصات المهنية، ويعمل على تطوير المؤسسة وتحسين أدائها، وذلك من خلال تنفيذ السياسات والإجراءات التي يضعها المجلس، وذلك بالتعاون مع الإدارة العامة للمؤسسة.

**Continuous Professional Development of Directors**

تحرص المؤسسة على تطوير قدرات ومعارف أعضاء المجلس التنفيذي من خلال توفير برامج تدريبية متخصصة في المجالات المتعلقة بعمل المؤسسة، وذلك بالتعاون مع الجهات المختصة.

كما تحرص المؤسسة على توفير بيئة عمل مناسبة لأعضاء المجلس التنفيذي، وذلك من خلال توفير كافة التسهيلات والخدمات اللازمة، وذلك بالتعاون مع الإدارة العامة للمؤسسة.

تحرص المؤسسة على توفير بيئة عمل مناسبة لأعضاء المجلس التنفيذي، وذلك من خلال توفير كافة التسهيلات والخدمات اللازمة، وذلك بالتعاون مع الإدارة العامة للمؤسسة.

تحرص المؤسسة على توفير بيئة عمل مناسبة لأعضاء المجلس التنفيذي، وذلك من خلال توفير كافة التسهيلات والخدمات اللازمة، وذلك بالتعاون مع الإدارة العامة للمؤسسة.



# CORPORATE GOVERNANCE REPORT

...mm ... 3, ... ..m ... ..m ... ..0.

Attending training organised by professional organisations and/or reading materials on latest rules and regulations

## Name of directors

### Executive Directors

- ... ✓
- ... ✓
- ... (✓) ✓
- ... (✓) ✓

### Non-executive Directors

- ... (✓) ✓
- ... (✓) ✓
- ... ✓
- ... ✓

### Independent non-executive Directors

- ... ✓
- ... ✓
- ... ✓

## Notes

... L ... ..m ... ..m ... ..0. ...

... L ... ..m ... ..0. ...

... L ... m 0 ( √ ... m 0 ( ... m 0 ( )0.5 ... m 0 ( ... )0.5 ... )0.5 ... m 0 ( ... m

...

ATTENDANCE RECORD OF BOARD AND BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

2020. The Board of Directors held 15 meetings during the year. The attendance record of the Board of Directors is as follows:

Mr. [Name] attended 15 out of 15 meetings. Mr. [Name] attended 14 out of 15 meetings. Mr. [Name] attended 13 out of 15 meetings. Mr. [Name] attended 12 out of 15 meetings. Mr. [Name] attended 11 out of 15 meetings. Mr. [Name] attended 10 out of 15 meetings. Mr. [Name] attended 9 out of 15 meetings. Mr. [Name] attended 8 out of 15 meetings. Mr. [Name] attended 7 out of 15 meetings. Mr. [Name] attended 6 out of 15 meetings. Mr. [Name] attended 5 out of 15 meetings. Mr. [Name] attended 4 out of 15 meetings. Mr. [Name] attended 3 out of 15 meetings. Mr. [Name] attended 2 out of 15 meetings. Mr. [Name] attended 1 out of 15 meetings. Mr. [Name] did not attend any meetings.

	Number of meetings attended/held				
	Board Meeting(s)	Audit Committee Meeting(s)	Remuneration Committee Meeting(s)	Nomination Committee Meeting(s)	General Meeting(s)
<b>Executive Directors</b>					
Mr. [Name]	15/15*			1/1*	1/1
Mr. [Name]	14/15				0/1
Mr. [Name] (Resigned)	13/15		1/1		1/1
Mr. [Name] (Resigned)	12/15				1/1
<b>Non-executive Directors</b>					
Mr. [Name] (Resigned)	1/1		1/1		1/1
Mr. [Name] (Resigned)	14/15	1/1			0/1
Mr. [Name]	14/15				0/1
Mr. [Name]	14/15				0/1
<b>Independent non-executive Director</b>					
Mr. [Name] (Resigned)	14/15	1/1	1/1*	1/1	1/1
Mr. [Name]	14/15	1/1		1/1	1/1
Mr. [Name]	14/15	1/1*	1/1		1/1

\* Represents the number of meetings attended/held by the Director in person.

Notes:

1. Mr. [Name] resigned from the Board of Directors on [Date]. Mr. [Name] resigned from the Remuneration Committee on [Date]. Mr. [Name] resigned from the Nomination Committee on [Date]. Mr. [Name] resigned from the General Meeting on [Date].

2. Mr. [Name] resigned from the Board of Directors on [Date].



# CORPORATE GOVERNANCE REPORT

- 4. 本公司在截至2019年12月31日止的年度內，並無任何董事或高級管理人員因違反證券上市規則或任何適用法律、上市規則或交易所規則而受到任何證券交易所的處分或受到任何監管機構的處分。
- 5. 本公司在截至2019年12月31日止的年度內，並無任何董事或高級管理人員因違反證券上市規則或任何適用法律、上市規則或交易所規則而受到任何證券交易所的處分或受到任何監管機構的處分。

## BOARD COMMITTEES

本公司之董事會由九名成員組成，包括三名獨立非執行董事及六名執行董事。本公司之審核委員會由三名成員組成，包括兩名獨立非執行董事及一名執行董事。本公司之薪酬委員會由三名成員組成，包括兩名獨立非執行董事及一名執行董事。本公司之提名委員會由三名成員組成，包括兩名獨立非執行董事及一名執行董事。本公司之環境、社會及管治委員會由三名成員組成，包括兩名獨立非執行董事及一名執行董事。本公司之風險管理委員會由三名成員組成，包括兩名獨立非執行董事及一名執行董事。本公司之關聯交易委員會由三名成員組成，包括兩名獨立非執行董事及一名執行董事。本公司之董事會成員均具備豐富之專業經驗，並具備履行其職責所需之知識、技能及經驗。本公司之董事會成員均遵守相關之法律、法規及上市規則。本公司之董事會成員均遵守相關之法律、法規及上市規則。

## Audit Committee

- (a) 審核委員會成員之履歷資料載於本報告第100頁。
- (b) 審核委員會成員之履歷資料載於本報告第100頁。
- (c) 審核委員會成員之履歷資料載於本報告第100頁。
- (d) 審核委員會成員之履歷資料載於本報告第100頁。
- (e) 審核委員會成員之履歷資料載於本報告第100頁。
- (f) 審核委員會成員之履歷資料載於本報告第100頁。
- (g) 審核委員會成員之履歷資料載於本報告第100頁。
- (h) 審核委員會成員之履歷資料載於本報告第100頁。
- (i) 審核委員會成員之履歷資料載於本報告第100頁。
- (j) 審核委員會成員之履歷資料載於本報告第100頁。



# CORPORATE GOVERNANCE REPORT

## Remuneration Committee

1. The Remuneration Committee (the Committee) is a sub-committee of the Board of Directors (the Board) established on 2017. The Committee is responsible for recommending to the Board the remuneration of the Executive Directors and senior management. The Committee is composed of three independent non-executive directors. The Committee's terms of reference are set out in the Appendix 1 to the 2021 Annual Report.

2. The Committee has adopted the Remuneration Policy (the Policy) and the Remuneration Report (the Report) for the Executive Directors and senior management. The Policy sets out the remuneration structure for the Executive Directors and senior management, including the fixed remuneration, bonus, long-term incentives and pension. The Report provides a detailed breakdown of the remuneration of the Executive Directors and senior management for the reporting period.

3. The Committee has reviewed the Policy and Report for the reporting period. The Committee is satisfied with the Policy and Report, and recommends the Board to approve the Policy and Report. The Committee also recommends the Board to approve the remuneration of the Executive Directors and senior management for the reporting period.

4. The Committee has also reviewed the remuneration of the non-executive directors. The Committee is satisfied with the remuneration structure for the non-executive directors, and recommends the Board to approve the remuneration of the non-executive directors for the reporting period.

## Remuneration bands

## Number of individuals

Remuneration Band	Number of individuals
\$0 - \$500,000	3
\$500,000 - \$1,000,000	2
\$1,000,000 - \$2,000,000	1

## Nomination Committee

1. The Nomination Committee (the Committee) is a sub-committee of the Board of Directors (the Board) established on 2017. The Committee is responsible for recommending to the Board the composition and size of the Board, and the nomination of independent non-executive directors. The Committee is composed of three independent non-executive directors. The Committee's terms of reference are set out in the Appendix 1 to the 2021 Annual Report.

2. The Committee has reviewed the Board Diversity Policy (the Policy) for the reporting period. The Committee is satisfied with the Policy, and recommends the Board to approve the Policy. The Committee also recommends the Board to approve the nomination of independent non-executive directors for the reporting period.



# CORPORATE GOVERNANCE REPORT

... m ... mm ... mm ...

( ) ... m m ... - ... -

( ) ... m m ...

- m ... mm ... m ... m m ...

( ) ... ( ) ... ( ) ... -m ... m ...

( ) ... m ...

( ) ... ( ) ...

m ... ( ) ... m ...

m ... m ... m ... / ...

- m ... mm ... mm ...

m ... m ... ( **Nomination Policy** ) ... ( ) ...

- m ... mm ... m ...

m ... m ...

m ... m ...

m ... m ...

m ... m ...

m ... m ...

m ... m ...

m ... m ...



# CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for the overall performance of the Company and for the implementation of the corporate strategy. The Board is composed of five members, including three independent non-executive directors, and is chaired by Mr. [Name]. The Board's responsibilities include reviewing and approving the Company's business strategy, financial statements, and other key decisions. The Board also oversees the management of the Company and ensures that the Company's operations are in compliance with applicable laws and regulations.

The Board is committed to maintaining high standards of corporate governance and transparency. It has established a robust framework of policies and procedures to guide its operations. The Board also oversees the Company's risk management and internal control systems. The Board's composition and structure are designed to ensure a diverse range of perspectives and expertise, which is essential for effective decision-making and the long-term success of the Company.

## Corporate Governance Functions

The Board's corporate governance functions are defined by its role in setting the Company's strategic direction, overseeing management, and ensuring compliance with legal and regulatory requirements. The Board also monitors the Company's performance and reports to the shareholders on its activities and the Company's financial and operational results.

The Board's corporate governance functions are supported by the Company's internal control and risk management systems. The Board is responsible for reviewing and approving these systems and for ensuring that they are effective. The Board also oversees the Company's ethical and social responsibility practices. The Board's corporate governance functions are designed to ensure that the Company is managed in the best interests of all its stakeholders and that it maintains a high level of transparency and accountability.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and presentation of the Company's financial statements in accordance with the applicable financial reporting standards. The Directors are also responsible for ensuring that the financial statements are true and fair and that they provide a clear and concise summary of the Company's financial performance and position.

The Directors are also responsible for ensuring that the Company's financial statements are prepared in accordance with the applicable laws and regulations. The Directors are also responsible for ensuring that the Company's financial statements are audited by an independent audit firm. The Directors' responsibilities in respect of the financial statements are set out in the Company's Memorandum of Association and Articles of Association.





# CORPORATE GOVERNANCE REPORT

## AUDITORS' REMUNERATION

For the year ended 31 December 2023, the total remuneration of the auditors was RMB 1,000,000 (2022: RMB 1,000,000).

Service Category

Fees p



## Procedures on Identifying, Evaluating and Managing Significant Risks

The Board of Directors is responsible for identifying, evaluating and managing significant risks. The Board has established a Risk Management Framework that includes the following components:

- Risk Identification:** The Board has established a process for identifying risks that could affect the Company's ability to achieve its strategic objectives. This process involves the use of a Risk Register, which is updated regularly.
- Risk Evaluation:** The Board has established a process for evaluating risks based on their potential impact on the Company's ability to achieve its strategic objectives. This process involves the use of a Risk Matrix, which is updated regularly.
- Risk Management:** The Board has established a process for managing risks based on their potential impact on the Company's ability to achieve its strategic objectives. This process involves the use of a Risk Response Plan, which is updated regularly.

The Board has also established a process for monitoring and reporting on risks. This process involves the use of a Risk Dashboard, which is updated regularly. The Risk Dashboard provides the Board with a clear and concise overview of the Company's risk profile.

The Board has also established a process for reviewing and updating the Risk Management Framework. This process involves the use of a Risk Review Process, which is updated regularly. The Risk Review Process ensures that the Risk Management Framework remains current and effective.

The Board has also established a process for communicating risks to stakeholders. This process involves the use of a Risk Communication Plan, which is updated regularly. The Risk Communication Plan ensures that stakeholders are kept informed of the Company's risk profile.

The Board has also established a process for training and educating employees on risks. This process involves the use of a Risk Training Program, which is updated regularly. The Risk Training Program ensures that employees are aware of the Company's risk profile and are able to manage risks effectively.

The Board has also established a process for measuring and assessing the effectiveness of the Risk Management Framework. This process involves the use of a Risk Assessment Process, which is updated regularly. The Risk Assessment Process ensures that the Risk Management Framework is effective and efficient.

The Board has also established a process for reviewing and updating the Risk Management Framework. This process involves the use of a Risk Review Process, which is updated regularly. The Risk Review Process ensures that the Risk Management Framework remains current and effective.

The Board has also established a process for communicating risks to stakeholders. This process involves the use of a Risk Communication Plan, which is updated regularly. The Risk Communication Plan ensures that stakeholders are kept informed of the Company's risk profile.

The Board has also established a process for training and educating employees on risks. This process involves the use of a Risk Training Program, which is updated regularly. The Risk Training Program ensures that employees are aware of the Company's risk profile and are able to manage risks effectively.

The Board has also established a process for measuring and assessing the effectiveness of the Risk Management Framework. This process involves the use of a Risk Assessment Process, which is updated regularly. The Risk Assessment Process ensures that the Risk Management Framework is effective and efficient.

PROCEDURES ON AND INTERNAL CONTROLS FOR HANDLING AND DISSEMINATING  
INSIDE INFORMATION

Our company has established a set of procedures for handling and disseminating inside information, which are set forth in the "Procedures for Handling and Disseminating Inside Information" (Procedures). The company's internal control system is designed to ensure the confidentiality of inside information and to prevent the leakage of inside information to the market. The company's internal control system is designed to ensure the confidentiality of inside information and to prevent the leakage of inside information to the market.



**SHAREHOLDERS' RIGHTS**

Shareholders have the right to request the convening of an Extraordinary General Meeting by Shareholders if they hold 1% of the total number of shares of the Company. The requisitionist(s) must submit a written request to the Board of Directors, stating the purpose of the meeting and the agenda items to be discussed. The Board of Directors must convene the meeting within 30 days of receiving the request, unless it is rejected. If the Board of Directors rejects the request, the requisitionist(s) may convene the meeting themselves, provided they have obtained the approval of the shareholders holding at least 10% of the total number of shares of the Company.

**Convening an Extraordinary General Meeting by Shareholders**

The requisitionist(s) must submit a written request to the Board of Directors, stating the purpose of the meeting and the agenda items to be discussed. The requisitionist(s) must also provide a copy of the request to the Company Secretary. The Board of Directors must convene the meeting within 30 days of receiving the request, unless it is rejected. If the Board of Directors rejects the request, the requisitionist(s) may convene the meeting themselves, provided they have obtained the approval of the shareholders holding at least 10% of the total number of shares of the Company. The requisitionist(s) must also provide a copy of the request to the Company Secretary. The requisitionist(s) must also provide a copy of the request to the Company Secretary.

**Putting Forward Proposals at General Meetings**

Shareholders may put forward proposals at General Meetings. The proposals must be submitted in writing to the Company Secretary at least 30 days before the meeting. The proposals must be in the interest of the Company and must not be contrary to the law or the Articles of Association. The Board of Directors may accept or reject the proposals, provided it gives reasons for its decision.



# CORPORATE GOVERNANCE REPORT

## Contact Details

1. **Head Office:** Room 2001, 20/F, The Gateway, 182 Queen's Road East, Hong Kong.  
 2. **Registered Office:** 1701, 17/F, The Gateway, 182 Queen's Road East, Hong Kong.  
 3. **Share Registrar:** Computershare Hong Kong Investor Services Limited, 17/F, The Gateway, 182 Queen's Road East, Hong Kong.  
 4. **Company Secretary:** Ms. Angela Au, 1701, 17/F, The Gateway, 182 Queen's Road East, Hong Kong.  
 5. **Public Relations:** Ms. Angela Au, 1701, 17/F, The Gateway, 182 Queen's Road East, Hong Kong.  
 6. **Investor Relations:** Ms. Angela Au, 1701, 17/F, The Gateway, 182 Queen's Road East, Hong Kong.  
 7. **Customer Service:** 24-hour Customer Service Centre, 1701, 17/F, The Gateway, 182 Queen's Road East, Hong Kong.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

1. **Annual General Meeting:** The Annual General Meeting of the Company will be held on 27 April 2023 at 10:00 a.m. at the Grand Ballroom, The Gateway, 182 Queen's Road East, Hong Kong.  
 2. **Shareholder Communication:** The Company will communicate with shareholders through various channels, including the Company's website, social media, and direct communication with shareholders.  
 3. **Investor Relations:** The Company will engage with investors through various channels, including the Company's website, social media, and direct communication with investors.  
 4. **Customer Service:** The Company will provide 24-hour customer service to its customers through the Customer Service Centre.

## Constitutional Documents

The Company's constitutional documents include the Memorandum of Association, the Articles of Association, and the Deed of Non-Competition.

## NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

The Company's controlling shareholders have entered into a Deed of Non-Competition with the Company, which prohibits them from engaging in any business that competes with the Company's business.

**Controlling Shareholders:** Mr. [Name], Ms. [Name], and Mr. [Name].

**Deed of Non-Competition:** The Deed of Non-Competition is a legal document that binds the controlling shareholders to the Company's interests.



To the Shareholders of Hospital Corporation of China Limited

( )

**Opinion**

... ( ) ... ( ) ...

... 0 ...

... m ... m ... m ...

... m ...

... m ...

... m ...

... m ...

...

... m ...



# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matters

As at 31 December 2019, the Group's goodwill was RMB1,050,500,000, which was derived from the acquisition of the Group's subsidiaries. The Group's goodwill is subject to impairment testing at least annually, or more frequently if there are indicators of impairment. The Group's goodwill impairment testing involves significant estimates and assumptions, including the determination of the cash flows expected to be generated by the cash-generating units to which goodwill has been allocated, and the determination of the discount rate to be used to calculate the present value of those cash flows.

As at 31 December 2019, the Group's goodwill was RMB1,050,500,000, which was derived from the acquisition of the Group's subsidiaries.

The Group's goodwill impairment testing involves significant estimates and assumptions, including the determination of the cash flows expected to be generated by the cash-generating units to which goodwill has been allocated, and the determination of the discount rate to be used to calculate the present value of those cash flows.

The Group's goodwill impairment testing involves significant estimates and assumptions, including the determination of the cash flows expected to be generated by the cash-generating units to which goodwill has been allocated, and the determination of the discount rate to be used to calculate the present value of those cash flows.

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### Assessment of goodwill impairment

As at 31 December 2019, the Group's goodwill was RMB1,050,500,000, which was derived from the acquisition of the Group's subsidiaries. The Group's goodwill is subject to impairment testing at least annually, or more frequently if there are indicators of impairment. The Group's goodwill impairment testing involves significant estimates and assumptions, including the determination of the cash flows expected to be generated by the cash-generating units to which goodwill has been allocated, and the determination of the discount rate to be used to calculate the present value of those cash flows.

The Group's goodwill impairment testing involves significant estimates and assumptions, including the determination of the cash flows expected to be generated by the cash-generating units to which goodwill has been allocated, and the determination of the discount rate to be used to calculate the present value of those cash flows. The Group's goodwill impairment testing involves significant estimates and assumptions, including the determination of the cash flows expected to be generated by the cash-generating units to which goodwill has been allocated, and the determination of the discount rate to be used to calculate the present value of those cash flows.







# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matters

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### Fair value estimation of convertible bonds

<p>As at 31 December 2019, the fair value of convertible bonds was RMB1,000 million. The fair value was determined based on the market price of the convertible bonds at the reporting date. The fair value of convertible bonds was determined based on the market price of the convertible bonds at the reporting date. The fair value of convertible bonds was determined based on the market price of the convertible bonds at the reporting date.</p>	<p>Our audit procedures included reviewing the market price of the convertible bonds at the reporting date, and comparing it with the fair value of the convertible bonds. We also reviewed the market price of the convertible bonds at the reporting date, and compared it with the fair value of the convertible bonds.</p>
<p>As at 31 December 2019, the fair value of convertible bonds was RMB1,000 million. The fair value was determined based on the market price of the convertible bonds at the reporting date. The fair value of convertible bonds was determined based on the market price of the convertible bonds at the reporting date. The fair value of convertible bonds was determined based on the market price of the convertible bonds at the reporting date.</p>	<p>Our audit procedures included reviewing the market price of the convertible bonds at the reporting date, and comparing it with the fair value of the convertible bonds. We also reviewed the market price of the convertible bonds at the reporting date, and compared it with the fair value of the convertible bonds.</p>
<p>As at 31 December 2019, the fair value of convertible bonds was RMB1,000 million. The fair value was determined based on the market price of the convertible bonds at the reporting date. The fair value of convertible bonds was determined based on the market price of the convertible bonds at the reporting date. The fair value of convertible bonds was determined based on the market price of the convertible bonds at the reporting date.</p>	<p>Our audit procedures included reviewing the market price of the convertible bonds at the reporting date, and comparing it with the fair value of the convertible bonds. We also reviewed the market price of the convertible bonds at the reporting date, and compared it with the fair value of the convertible bonds.</p>
<p>As at 31 December 2019, the fair value of convertible bonds was RMB1,000 million. The fair value was determined based on the market price of the convertible bonds at the reporting date. The fair value of convertible bonds was determined based on the market price of the convertible bonds at the reporting date. The fair value of convertible bonds was determined based on the market price of the convertible bonds at the reporting date.</p>	<p>Our audit procedures included reviewing the market price of the convertible bonds at the reporting date, and comparing it with the fair value of the convertible bonds. We also reviewed the market price of the convertible bonds at the reporting date, and compared it with the fair value of the convertible bonds.</p>





# INDEPENDENT AUDITOR'S REPORT

## Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the applicable accounting standards, and for such things as may be required by law, regulations and the listing rules. The directors also have the responsibility to ensure that the consolidated financial statements are prepared on a going concern basis, unless it is inappropriate to presume that the Company is a going concern.

The audit committee is responsible for monitoring the effectiveness of the Company's internal control and financial reporting systems, and for reviewing the consolidated financial statements and the auditor's report thereon.

The directors and the audit committee are not relieved of their responsibilities by the presence of the independent auditor.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The independent auditor's responsibility is to audit the consolidated financial statements in accordance with the applicable auditing standards, and to issue an auditor's report thereon. The independent auditor's report is intended to provide an independent opinion on the consolidated financial statements, and is not intended to be used for any other purpose.

The independent auditor's report is based on the audit of the consolidated financial statements, and is not intended to be used for any other purpose. The independent auditor's report is not a guarantee of the accuracy or completeness of the consolidated financial statements, and is not intended to be used for any other purpose.





## INDEPENDENT AUDITOR'S REPORT

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our audit was conducted in accordance with the standards for independent member firms affiliated with the International Network of Independent Member Organizations ("INMO"), a network of independent member organizations affiliated with one or more of the member bodies of the International Federation of Accountants ("IFAC") that are required to apply the International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB") in order to be eligible for appointment as independent member organizations and to maintain their status as independent member organizations. The INMO member organizations that are not required to apply the ISAs are required to apply national standards issued by their respective national auditing bodies that are considered to be equivalent to the ISAs. The INMO member organizations that are not required to apply the ISAs are required to apply national standards issued by their respective national auditing bodies that are considered to be equivalent to the ISAs.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2021	2020
	RMB'000	US\$'000
Revenue	520,290	7,045
Cost of sales	(306,063)	(4,145)
<b>Gross profit</b>	<b>214,227</b>	<b>2,900</b>
Operating expenses	(2,006)	(27)
Finance income	(95,872)	(1,287)
Finance costs	(26,477)	(355)
Share of losses of associates	(551,981)	(7,375)
Other income	7,181	95
<b>Loss before income tax</b>	<b>4,803</b>	<b>65</b>

# CONSOLIDATED BALANCE SHEET

		As at December 31,	
		2021	2020
		RMB'000	US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,637,308	1,637,308	1,200,555
Intangible assets	48,458	48,458	3,500
Investments in subsidiaries	9,284	9,284	695
Investments in associates	2,374	2,374	180
Other non-current assets	-	-	0
<b>Total non-current assets</b>	<b>1,948,139</b>	<b>1,948,139</b>	<b>1,494,030</b>
<b>Current assets</b>			
Accounts receivable	440,428	440,428	338,905
Accounts payable	(222,802)	(222,802)	(172,000)
Prepaid expenses	114,794	114,794	8,800
Other current assets	9,975	9,975	760
Other non-current assets	48,033	48,033	3,650
<b>Total current assets</b>	<b>1,175,575</b>	<b>1,175,575</b>	<b>903,115</b>
<b>Total assets</b>	<b>3,123,714</b>	<b>3,123,714</b>	<b>2,397,145</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	797,973	797,973	610,000
Reserves	337,854	337,854	260,000
Other equity	(566,799)	(566,799)	(440,000)
<b>Total equity</b>	<b>1,135,827</b>	<b>1,135,827</b>	<b>870,000</b>



## CONSOLIDATED BALANCE SHEET





## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Total equity
	Share capital	Share premium	Other reserves	Retained earnings/ (accumulated losses)	Sub-total	Attributable to non-controlling interests	
	L '000	L '000	L '000	L '000	L '000	L '000	L '000
Balance at January 1, 2020		5,000			0		0
Profit for the year				(283,382)	(283,382)	(81,687)	(362,396)
Dividends paid							
Share-based payment			(2,150)		(2,150)		(2,150)
Share repurchase							
Share issue			676		676		676
Share-based compensation			2,708	(2,708)			
Share repurchase						(30,791)	(30,791)
Share repurchase						163,248	163,248
Balance at December 31, 2020	123	435,304	928,111	(283,382)	1,080,156	287,084	1,367,240
Profit for the year				(280,709)	(280,709)	(81,687)	(362,396)
Dividends paid							
Share-based payment			(2,150)		(2,150)		(2,150)
Share repurchase							
Share issue			676		676		676
Share-based compensation			2,708	(2,708)			
Share repurchase						(30,791)	(30,791)
Share repurchase						163,248	163,248
Balance at December 31, 2021	123	435,304	929,345	(566,799)	797,973	337,854	1,135,827

# CONSOLIDATED STATEMENT OF CASH FLOWS



	Year ended December 31,	
	2021 RMB'000	2020 US\$'000
<b>Cash flows from operating activities</b>		
Net cash generated from operating activities	133,069	133,065
<b>Cash flows from investing activities</b>		
Net cash generated from investing activities	13,955	13,950



# CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended December 31,	
	2021	2020
	RMB'000	US\$'000
<b>Cash flows from financing activities</b>		
Proceeds from the issuance of debt	(.)	5,000
Proceeds from the issuance of equity	(.)	(4,715)
Proceeds from the issuance of preferred shares	(.)	(.)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 General information

These consolidated financial statements were prepared in accordance with the accounting policies set out in note 2. The accounting policies have been applied consistently throughout the period.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Group. All amounts are rounded to the nearest million Hong Kong dollars, unless otherwise stated.

The consolidated financial statements are prepared on an accrual basis. All assets and liabilities are recognized at their fair value at the reporting date. The fair value of financial assets and liabilities is determined based on the market value of the instruments at the reporting date. The fair value of non-financial assets and liabilities is determined based on the market value of the instruments at the reporting date, unless otherwise stated.

The consolidated financial statements are prepared on a going concern basis. The Group has sufficient resources to continue in operation for the foreseeable future. The Group is not aware of any material uncertainties that may cast significant doubt on its ability to continue as a going concern.

The consolidated financial statements are prepared on a historical cost basis. The carrying amount of financial assets and liabilities is determined based on the historical cost of the instruments at the reporting date. The carrying amount of non-financial assets and liabilities is determined based on the historical cost of the instruments at the reporting date, unless otherwise stated.

The consolidated financial statements are prepared on a consolidated basis. The consolidated financial statements include the financial statements of the Group and its subsidiaries. The consolidated financial statements are prepared on a consolidated basis, unless otherwise stated.

## 2 Summary of significant accounting policies

The accounting policies of the Group are set out in the following sections. The accounting policies have been applied consistently throughout the period.

### 2.1 Basis of preparation

#### (i) Compliance with IFRS and Hong Kong Companies Ordinance

The consolidated financial statements are prepared in accordance with the accounting policies set out in note 2. The accounting policies have been applied consistently throughout the period.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies

#### 2.1 Basis of preparation

##### (ii) Historical cost convention

The consolidated financial statements are prepared using the historical cost convention. The carrying amount of an asset is its cost, less any accumulated depreciation and impairment losses and any accumulated amortisation and impairment losses. Liabilities are recognised at the amount of cash or other consideration given to acquire them. The cost of an asset is its fair value at the date of acquisition, plus any directly attributable costs. The fair value of an asset is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of a liability is the amount of cash or other consideration that would be required to settle the liability at the reporting date.

##### (iii) New and amended standards adopted by the Group

The Group has adopted the following new and amended standards and interpretations issued by the IASB, which are applicable to the reporting period commencing on 1 January 2019:

Standard/Interpretation	Effective Date
Amendments to IAS 19, "Employee Benefits"	1 January 2019
Amendments to IAS 28, "Investments in Associates and Joint Ventures"	1 January 2019
Amendments to IAS 39, "Financial Instruments: Recognition and Measurement"	1 January 2019
Amendments to IAS 40, "Investment Property"	1 January 2019
Amendments to IAS 41, "Agriculture"	1 January 2019
Amendments to IAS 47, "Liabilities and Equity"	1 January 2019
Amendments to IAS 51, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 52, "Foreign Currency Translation"	1 January 2019
Amendments to IAS 54, "Non-current Assets Held for Sale and Discontinued Operations"	1 January 2019
Amendments to IAS 56, "Financial Instruments: Presentation"	1 January 2019
Amendments to IAS 57, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 58, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 59, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 60, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 61, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 62, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 63, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 64, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 65, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 66, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 67, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 68, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 69, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 70, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 71, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 72, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 73, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 74, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 75, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 76, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 77, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 78, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 79, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 80, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 81, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 82, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 83, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 84, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 85, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 86, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 87, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 88, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 89, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 90, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 91, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 92, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 93, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 94, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 95, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 96, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 97, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 98, "Statement of Financial Position Presentation"	1 January 2019
Amendments to IAS 99, "Statement of Financial Position Presentation"	1 January 2019

##### (iv) New standards and interpretations not yet adopted by the Group

Standard/Interpretation	Effective Date
Amendments to IAS 1, "Presentation of Financial Statements"	1 January 2020
Amendments to IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors"	1 January 2020
Amendments to IAS 12, "Income Taxes"	1 January 2020
Amendments to IAS 16, "Property, Plant and Equipment"	1 January 2020
Amendments to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets"	1 January 2020
Amendments to IAS 38, "Intangible Assets"	1 January 2020
Amendments to IAS 40, "Investment Property"	1 January 2020
Amendments to IAS 41, "Agriculture"	1 January 2020
Amendments to IAS 47, "Liabilities and Equity"	1 January 2020
Amendments to IAS 51, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 52, "Foreign Currency Translation"	1 January 2020
Amendments to IAS 54, "Non-current Assets Held for Sale and Discontinued Operations"	1 January 2020
Amendments to IAS 56, "Financial Instruments: Presentation"	1 January 2020
Amendments to IAS 57, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 58, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 59, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 60, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 61, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 62, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 63, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 64, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 65, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 66, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 67, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 68, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 69, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 70, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 71, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 72, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 73, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 74, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 75, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 76, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 77, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 78, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 79, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 80, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 81, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 82, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 83, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 84, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 85, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 86, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 87, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 88, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 89, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 90, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 91, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 92, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 93, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 94, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 95, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 96, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 97, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 98, "Statement of Financial Position Presentation"	1 January 2020
Amendments to IAS 99, "Statement of Financial Position Presentation"	1 January 2020



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

#### (iv) New standards and interpretations not yet adopted by the Group

The Group has reviewed all new standards, amendments and interpretations issued by the IASB that are applicable to the Group's financial statements for the first time in the reporting period. The Group has determined that the adoption of the following standards, amendments and interpretations will not have a material effect on the Group's financial statements:

### 2.2 Principles of consolidation

#### Subsidiaries

The Group's subsidiaries are those entities (including structured entities) over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group uses the following criteria to determine whether it has control over an entity:

- The Group has power over the entity (arising from a majority of voting rights or from other contractual arrangements).
- The Group has the right to obtain or has obtained the power to obtain a majority of the variable returns from the entity.
- The Group has the ability to exercise its power over the entity so as to obtain those returns.

When the Group has control over an entity, it is consolidated. The consolidation process involves the elimination of intercompany balances and transactions. The Group's consolidated financial statements are prepared on a cost of sales basis. The Group's consolidated financial statements are prepared on a historical cost basis.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies

### 2.3 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date at fair value, plus the amount of any non-controlling interest in the acquiree, and the amount of any consideration transferred by the acquirer to the former owners of the acquiree to facilitate the business combination.

Identifiable intangible assets acquired in a business combination are measured at fair value at the acquisition date. Intangible assets that do not qualify for recognition as identifiable intangible assets are included in goodwill. Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the amount of any consideration transferred by the acquirer to the former owners of the acquiree, over the net fair value of the identifiable intangible assets and other assets acquired, and liabilities assumed.

Acquired intangible assets are amortized over their useful lives. The useful lives of acquired intangible assets are determined based on the expected pattern of consumption of the assets. The amortization period and method for an intangible asset must reflect the nature of the asset and the expected future economic benefits. Amortization is reviewed at each reporting date to determine whether the useful life is finite, and if so, whether it has changed from previous estimates.

Goodwill is tested for impairment annually, or more frequently if an impairment indicator is identified. The carrying amount of goodwill is tested for impairment in conjunction with the cash-generating unit to which it relates. The carrying amount of goodwill is reduced if there is an impairment. Impairment of goodwill is not reversible.

Business combinations are accounted for as acquisitions, or other combinations of entities, when the acquirer obtains control of the acquiree. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is achieved when the acquirer has the power to direct the activities that significantly affect the entity's financial performance.

When the acquirer obtains control of the acquiree, the assets and liabilities of the acquiree are recognized at their fair values at the acquisition date. The fair value of the acquiree's identifiable intangible assets is determined based on the expected future economic benefits that the assets will generate. The fair value of the acquiree's other assets and liabilities is determined based on the market value of the assets and liabilities at the acquisition date.

When the acquirer obtains control of the acquiree, the identifiable intangible assets of the acquiree are recognized at their fair values at the acquisition date. The fair value of the acquiree's other assets and liabilities is determined based on the market value of the assets and liabilities at the acquisition date.

When the acquirer obtains control of the acquiree, the identifiable intangible assets of the acquiree are recognized at their fair values at the acquisition date. The fair value of the acquiree's other assets and liabilities is determined based on the market value of the assets and liabilities at the acquisition date.

When the acquirer obtains control of the acquiree, the identifiable intangible assets of the acquiree are recognized at their fair values at the acquisition date. The fair value of the acquiree's other assets and liabilities is determined based on the market value of the assets and liabilities at the acquisition date.

When the acquirer obtains control of the acquiree, the identifiable intangible assets of the acquiree are recognized at their fair values at the acquisition date. The fair value of the acquiree's other assets and liabilities is determined based on the market value of the assets and liabilities at the acquisition date.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies

### 2.3 Business combinations

On 1 January 2021, the Group acquired 100% of the shares of the subsidiary, Al-Jazeera for a consideration of 1,000 million Saudi Riyals. The acquisition was accounted for as a business combination under common control. The Group's financial statements for the year ended 31 December 2021 are presented on a consolidated basis, including the financial statements of the subsidiary. The financial statements of the subsidiary are prepared using the same accounting policies as the Group. The financial statements of the subsidiary are prepared on a consolidated basis, including the financial statements of the subsidiary's subsidiaries. The financial statements of the subsidiary are prepared on a consolidated basis, including the financial statements of the subsidiary's subsidiaries. The financial statements of the subsidiary are prepared on a consolidated basis, including the financial statements of the subsidiary's subsidiaries.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies

#### 2.5 Segment reporting

The Group has identified the following reportable segments based on the internal financial information that is available for management to make decisions about resources to be allocated to the Group's different divisions and to assess their performance:

Segment	2015	2014
Medical Services	1,000,000	1,000,000
Medical Equipment	1,000,000	1,000,000
Medical Information Systems	1,000,000	1,000,000
Medical Consumables	1,000,000	1,000,000
Medical Instruments	1,000,000	1,000,000
Medical Supplies	1,000,000	1,000,000
Medical Services	1,000,000	1,000,000
Medical Equipment	1,000,000	1,000,000
Medical Information Systems	1,000,000	1,000,000
Medical Consumables	1,000,000	1,000,000
Medical Instruments	1,000,000	1,000,000
Medical Supplies	1,000,000	1,000,000

#### 2.6 Foreign currency translation

##### (i) Functional and presentation currency

The functional currency of the Group is the Renminbi Yuan (RMB). The financial statements are presented in Hong Kong Dollars (HK\$). The Group's financial statements are prepared using the historical cost method. The Group's financial statements are prepared in accordance with the Hong Kong Financial Reporting Standards (HKFRS) issued by the Hong Kong Institute of Certified Accountants (HKICPA).

##### (ii) Transactions and balances

Transactions and balances are recorded in the functional currency of the entity. Transactions and balances denominated in a currency other than the functional currency are recorded in the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in a currency other than the functional currency are translated into the functional currency at the rate of exchange prevailing at the reporting date. Non-monetary assets and liabilities denominated in a currency other than the functional currency are translated into the functional currency at the rate of exchange prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in a currency other than the functional currency are translated into the functional currency at the rate of exchange prevailing at the reporting date.

#### 2.7 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the purchase price, import duties, non-refundable government taxes, and other directly attributable costs. The cost of an asset is recognized as an expense when the asset is available for use. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The estimated useful life and depreciation method are reviewed at the end of each reporting period, and adjustments are made if appropriate.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies

#### 2.7 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the purchase price, import duties, non-refundable taxes, and other directly attributable costs. The cost of self-constructed assets includes the cost of materials and direct labour, and an allocation of overheads based on the systematic and rational allocation principle. If any part of an asset is ready for use, that part is recognised as a separate asset. The cost of an asset is reduced by the proceeds from the sale of scrap or other items. The cost of an asset is also reduced by any impairment losses. Depreciation is calculated on the straight-line basis over the estimated useful life of the asset. The estimated useful life of property, plant and equipment is as follows:

Category	Useful life
Buildings	10-50
Leasehold improvements	5-10
Plant and machinery	5-10
Transportation equipment	5-10
Office equipment	3-5

Residual values are determined based on the expected market value at the end of the useful life. Depreciation is reviewed at the end of each reporting period. If there is an indication that the carrying amount of an asset may not be recoverable, an impairment test is performed. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is measured as the difference between the carrying amount and the recoverable amount. An impairment loss is recognised in the profit or loss account. An impairment loss is reversed if there is an indication that the impairment loss may no longer exist or may have decreased. An impairment reversal is measured as the difference between the carrying amount and the recoverable amount. An impairment reversal is recognised in the profit or loss account. Depreciation is calculated on the straight-line basis over the estimated useful life of the asset. The estimated useful life of property, plant and equipment is as follows:

Category	Useful life
Buildings	10-50
Leasehold improvements	5-10
Plant and machinery	5-10
Transportation equipment	5-10
Office equipment	3-5

Residual values are determined based on the expected market value at the end of the useful life. Depreciation is reviewed at the end of each reporting period. If there is an indication that the carrying amount of an asset may not be recoverable, an impairment test is performed. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is measured as the difference between the carrying amount and the recoverable amount. An impairment loss is recognised in the profit or loss account. An impairment loss is reversed if there is an indication that the impairment loss may no longer exist or may have decreased. An impairment reversal is measured as the difference between the carrying amount and the recoverable amount. An impairment reversal is recognised in the profit or loss account.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies

#### 2.8 Intangible assets

##### (i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable intangible assets acquired. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if there are indicators that goodwill may be impaired. For the purpose of impairment testing, goodwill is allocated to the cash-generating units that are expected to benefit from the synergies of the business combination. The carrying amount of goodwill is reviewed at the end of each reporting period to determine whether there is any indication that goodwill has suffered an impairment. If there is any indication, the carrying amount of goodwill is tested for impairment in conjunction with the cash-generating unit to which it relates. In the event of an impairment, the impairment loss is first allocated to goodwill. Goodwill is not amortized. Impairment losses on goodwill are not reversed.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if there are indicators that goodwill may be impaired. For the purpose of impairment testing, goodwill is allocated to the cash-generating units that are expected to benefit from the synergies of the business combination. The carrying amount of goodwill is reviewed at the end of each reporting period to determine whether there is any indication that goodwill has suffered an impairment. If there is any indication, the carrying amount of goodwill is tested for impairment in conjunction with the cash-generating unit to which it relates. In the event of an impairment, the impairment loss is first allocated to goodwill. Goodwill is not amortized. Impairment losses on goodwill are not reversed.

##### (ii) Medical licences

Medical licences are intangible assets that are identifiable and measurable. Medical licences are measured at cost less accumulated impairment losses. Medical licences are tested for impairment annually, or more frequently if there are indicators that medical licences may be impaired. For the purpose of impairment testing, medical licences are allocated to the cash-generating units that are expected to benefit from the synergies of the business combination. The carrying amount of medical licences is reviewed at the end of each reporting period to determine whether there is any indication that medical licences have suffered an impairment. If there is any indication, the carrying amount of medical licences is tested for impairment in conjunction with the cash-generating unit to which they relate. In the event of an impairment, the impairment loss is first allocated to medical licences. Medical licences are not amortized. Impairment losses on medical licences are not reversed.

##### (iii) Contractual rights to provide management services

Contractual rights to provide management services are intangible assets that are identifiable and measurable. Contractual rights to provide management services are measured at cost less accumulated impairment losses. Contractual rights to provide management services are tested for impairment annually, or more frequently if there are indicators that contractual rights to provide management services may be impaired. For the purpose of impairment testing, contractual rights to provide management services are allocated to the cash-generating units that are expected to benefit from the synergies of the business combination. The carrying amount of contractual rights to provide management services is reviewed at the end of each reporting period to determine whether there is any indication that contractual rights to provide management services have suffered an impairment. If there is any indication, the carrying amount of contractual rights to provide management services is tested for impairment in conjunction with the cash-generating unit to which they relate. In the event of an impairment, the impairment loss is first allocated to contractual rights to provide management services. Contractual rights to provide management services are not amortized. Impairment losses on contractual rights to provide management services are not reversed.

##### (iv) Computer software

Computer software is an intangible asset that is identifiable and measurable. Computer software is measured at cost less accumulated impairment losses. Computer software is tested for impairment annually, or more frequently if there are indicators that computer software may be impaired. For the purpose of impairment testing, computer software is allocated to the cash-generating units that are expected to benefit from the synergies of the business combination. The carrying amount of computer software is reviewed at the end of each reporting period to determine whether there is any indication that computer software has suffered an impairment. If there is any indication, the carrying amount of computer software is tested for impairment in conjunction with the cash-generating unit to which it relates. In the event of an impairment, the impairment loss is first allocated to computer software. Computer software is not amortized. Impairment losses on computer software are not reversed.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies

#### 2.9 Right-of-use assets – land use right

	2021	2020
Right-of-use assets	1,000	1,000
Accumulated depreciation	(1,000)	(1,000)
<b>Right-of-use assets</b>	<b>0</b>	<b>0</b>

#### 2.10 Impairment of non-financial assets

	2021	2020
Goodwill	1,000	1,000
Property, plant and equipment	1,000	1,000
Intangible assets	1,000	1,000
Investments in associates	1,000	1,000
Other non-financial assets	1,000	1,000
<b>Impairment of non-financial assets</b>	<b>5,000</b>	<b>5,000</b>

#### 2.11 Investments and other financial assets

##### (i) Classification

	2021	2020
Investments in associates	1,000	1,000
Other financial assets	1,000	1,000
<b>Investments and other financial assets</b>	<b>2,000</b>	<b>2,000</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies

#### 2.11 Investments and other financial assets

##### (ii) Recognition and derecognition

The Group recognizes investments and other financial assets when it enters into an irrevocable and exclusive agreement that requires little or no further action by the Group to be able to recognize the investment. Investments and other financial assets are measured at fair value at initial recognition. The fair value of investments and other financial assets is determined using appropriate valuation techniques. Such techniques are based on the market conditions existing at the time of initial recognition and are consistent with recognized market practices.

##### (iii) Measurement

The Group measures investments and other financial assets at fair value at each reporting date. The fair value of investments and other financial assets is determined using appropriate valuation techniques. Such techniques are based on the market conditions existing at the time of initial recognition and are consistent with recognized market practices. The fair value of investments and other financial assets is determined using appropriate valuation techniques. Such techniques are based on the market conditions existing at the time of initial recognition and are consistent with recognized market practices.

The Group measures investments and other financial assets at fair value at each reporting date. The fair value of investments and other financial assets is determined using appropriate valuation techniques. Such techniques are based on the market conditions existing at the time of initial recognition and are consistent with recognized market practices.

The Group measures investments and other financial assets at fair value at each reporting date. The fair value of investments and other financial assets is determined using appropriate valuation techniques. Such techniques are based on the market conditions existing at the time of initial recognition and are consistent with recognized market practices.

The Group measures investments and other financial assets at fair value at each reporting date. The fair value of investments and other financial assets is determined using appropriate valuation techniques. Such techniques are based on the market conditions existing at the time of initial recognition and are consistent with recognized market practices.

The Group measures investments and other financial assets at fair value at each reporting date. The fair value of investments and other financial assets is determined using appropriate valuation techniques. Such techniques are based on the market conditions existing at the time of initial recognition and are consistent with recognized market practices.

The Group measures investments and other financial assets at fair value at each reporting date. The fair value of investments and other financial assets is determined using appropriate valuation techniques. Such techniques are based on the market conditions existing at the time of initial recognition and are consistent with recognized market practices.

The Group measures investments and other financial assets at fair value at each reporting date. The fair value of investments and other financial assets is determined using appropriate valuation techniques. Such techniques are based on the market conditions existing at the time of initial recognition and are consistent with recognized market practices.

The Group measures investments and other financial assets at fair value at each reporting date. The fair value of investments and other financial assets is determined using appropriate valuation techniques. Such techniques are based on the market conditions existing at the time of initial recognition and are consistent with recognized market practices.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies

### 2.11 Investments and other financial assets

#### (iii) Measurement

Investments and other financial assets are measured at fair value, except for investments in subsidiaries, associates, and joint ventures, which are measured at cost less impairment. Fair value is measured using appropriate valuation techniques. Such techniques include market comparison, discounted cash flow analysis, and other valuation models. The choice of valuation technique depends on the characteristics of the financial asset and the availability of market data. The use of different valuation techniques for similar assets can result in different fair value measurements. Fair value measurements are classified into three levels based on the observability of the inputs used in the valuation techniques. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices, which are directly or indirectly observable. Level 3 inputs are unobservable inputs for the asset or liability. The classification of fair value measurements into levels is based on the lowest level of input that is significant to the measurement. The following table provides a summary of the fair value measurements of investments and other financial assets as at 31 December 2021 and 2020.

	31 December 2021	31 December 2020
Investments in subsidiaries, associates, and joint ventures	1,234,567	1,123,456
Equity investments	567,890	678,901
Debt investments	345,678	456,789
Other financial assets	123,456	234,567
Total	2,271,591	2,493,713

The following table provides a summary of the changes in the fair value measurements of investments and other financial assets during the period ended 31 December 2021 and 2020.

	2021	2020
Investments in subsidiaries, associates, and joint ventures	111,111	122,222
Equity investments	222,222	333,333
Debt investments	333,333	444,444
Other financial assets	444,444	555,555
Total	1,111,110	1,455,554

The following table provides a summary of the changes in the fair value measurements of investments and other financial assets during the period ended 31 December 2021 and 2020, including the impact of fair value adjustments.

	2021	2020
Investments in subsidiaries, associates, and joint ventures	111,111	122,222
Equity investments	222,222	333,333
Debt investments	333,333	444,444
Other financial assets	444,444	555,555
Total	1,111,110	1,455,554



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies

#### 2.11 Investments and other financial assets

##### (iv) Impairment

At the end of the reporting period, the carrying amount of investments and other financial assets is RMB1,000,000,000 (2019: RMB1,000,000,000). The carrying amount of investments and other financial assets is measured at fair value. The fair value of investments and other financial assets is determined based on the closing price of the investments and other financial assets in the active market at the end of the reporting period. The fair value of investments and other financial assets is measured at fair value. The fair value of investments and other financial assets is determined based on the closing price of the investments and other financial assets in the active market at the end of the reporting period. The fair value of investments and other financial assets is measured at fair value. The fair value of investments and other financial assets is determined based on the closing price of the investments and other financial assets in the active market at the end of the reporting period.

#### 2.12 Offsetting financial instruments

The Group has entered into various financial instruments, including derivatives, which are used to manage the Group's foreign exchange risk. The Group has entered into various financial instruments, including derivatives, which are used to manage the Group's foreign exchange risk. The Group has entered into various financial instruments, including derivatives, which are used to manage the Group's foreign exchange risk. The Group has entered into various financial instruments, including derivatives, which are used to manage the Group's foreign exchange risk.

#### 2.13 Inventories

The Group's inventories are measured at the lower of cost and net realizable value. The Group's inventories are measured at the lower of cost and net realizable value. The Group's inventories are measured at the lower of cost and net realizable value. The Group's inventories are measured at the lower of cost and net realizable value.

#### 2.14 Trade and other receivables

The Group's trade and other receivables are measured at amortized cost. The Group's trade and other receivables are measured at amortized cost. The Group's trade and other receivables are measured at amortized cost. The Group's trade and other receivables are measured at amortized cost. The Group's trade and other receivables are measured at amortized cost. The Group's trade and other receivables are measured at amortized cost. The Group's trade and other receivables are measured at amortized cost. The Group's trade and other receivables are measured at amortized cost.







# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies

### 2.18 Borrowings

The Group's borrowings are classified as short-term or long-term depending on the maturity date. Short-term borrowings are those borrowings that are due to be repaid within 12 months after the reporting period. Long-term borrowings are those borrowings that are due to be repaid more than 12 months after the reporting period. The Group's borrowings are classified as financial liabilities with fixed or floating interest rates. The Group's borrowings are classified as financial liabilities with fixed or floating interest rates. The Group's borrowings are classified as financial liabilities with fixed or floating interest rates.

The Group's borrowings are classified as financial liabilities with fixed or floating interest rates. The Group's borrowings are classified as financial liabilities with fixed or floating interest rates. The Group's borrowings are classified as financial liabilities with fixed or floating interest rates.

The Group's borrowings are classified as financial liabilities with fixed or floating interest rates. The Group's borrowings are classified as financial liabilities with fixed or floating interest rates. The Group's borrowings are classified as financial liabilities with fixed or floating interest rates.

The Group's borrowings are classified as financial liabilities with fixed or floating interest rates. The Group's borrowings are classified as financial liabilities with fixed or floating interest rates. The Group's borrowings are classified as financial liabilities with fixed or floating interest rates.

### 2.19 Borrowing costs

The Group's borrowing costs are classified as financial expenses. The Group's borrowing costs are classified as financial expenses. The Group's borrowing costs are classified as financial expenses.

The Group's borrowing costs are classified as financial expenses. The Group's borrowing costs are classified as financial expenses. The Group's borrowing costs are classified as financial expenses.

The Group's borrowing costs are classified as financial expenses. The Group's borrowing costs are classified as financial expenses. The Group's borrowing costs are classified as financial expenses.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies

### 2.20 Current and deferred income tax

Income tax expense is recognized in the consolidated income statement. Income tax expense is calculated based on the consolidated taxable income for the period, adjusted for non-deductible expenses and tax credits. The tax expense is calculated based on the tax rates in effect in the countries where the Company operates.

#### *Current income tax*

The current income tax expense is calculated based on the consolidated taxable income for the period, adjusted for non-deductible expenses and tax credits. The tax expense is calculated based on the tax rates in effect in the countries where the Company operates. The current income tax expense is recognized in the consolidated income statement.

#### *Deferred income tax*

Deferred income tax is recognized in the consolidated balance sheet. Deferred income tax is calculated based on the consolidated taxable income for the period, adjusted for non-deductible expenses and tax credits. The tax expense is calculated based on the tax rates in effect in the countries where the Company operates. The deferred income tax expense is recognized in the consolidated income statement.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies

#### 2.21 Employee benefits

##### (i) Short-term obligations

	2019 RMB million	2018 RMB million
Short-term employee benefits	1,422.0	1,387.0
Defined contribution plans	1,422.0	1,387.0
Other employee benefits	241.5	241.5
Short-term employee benefits	1,663.5	1,628.5

##### (ii) Post-employment obligation

At 31 December 2019, the Company's post-employment obligations were as follows:

##### (1) Defined contribution plans

	2019 RMB million	2018 RMB million
Defined contribution plans	1,422.0	1,387.0
Defined contribution plans	1,422.0	1,387.0
Other employee benefits	241.5	241.5
Short-term employee benefits	1,663.5	1,628.5

At 31 December 2019, the Company's post-employment obligations were as follows: (1) defined contribution plans (1,422.0 million RMB) and other employee benefits (241.5 million RMB).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies

### 2.21 Employee benefits

#### (ii) *Post-employment obligation*

##### (.) *Provision for gratuity*

The provision for gratuity is calculated based on the gratuity payable to employees at the end of their service, based on the gratuity scheme approved by the Board of Directors. The gratuity payable is calculated based on the gratuity scheme approved by the Board of Directors. The gratuity payable is calculated based on the gratuity scheme approved by the Board of Directors. The gratuity payable is calculated based on the gratuity scheme approved by the Board of Directors.

The gratuity payable is calculated based on the gratuity scheme approved by the Board of Directors. The gratuity payable is calculated based on the gratuity scheme approved by the Board of Directors. The gratuity payable is calculated based on the gratuity scheme approved by the Board of Directors. The gratuity payable is calculated based on the gratuity scheme approved by the Board of Directors.

The gratuity payable is calculated based on the gratuity scheme approved by the Board of Directors. The gratuity payable is calculated based on the gratuity scheme approved by the Board of Directors. The gratuity payable is calculated based on the gratuity scheme approved by the Board of Directors. The gratuity payable is calculated based on the gratuity scheme approved by the Board of Directors.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies

### 2.22 Share-based payments

#### (iii) Share-based payment transactions among group entities

As at 31 December 2021, the Group had a total of 1,000,000 shares outstanding under the Share Incentive Plan. The Group has granted 1,000,000 shares to its employees and directors. The shares are granted to the employees and directors for a period of 10 years. The shares are granted to the employees and directors for a period of 10 years. The shares are granted to the employees and directors for a period of 10 years.

#### (iv) Modification and cancellation

The Group has modified the terms and conditions of the Share Incentive Plan. The Group has modified the terms and conditions of the Share Incentive Plan. The Group has modified the terms and conditions of the Share Incentive Plan.

### 2.23 Revenue recognition

The Group recognizes revenue from the sale of goods and services. The Group recognizes revenue from the sale of goods and services. The Group recognizes revenue from the sale of goods and services. The Group recognizes revenue from the sale of goods and services.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies

### 2.23 Revenue recognition

#### (i) Hospital Management Services

Revenue from Hospital Management Services is recognized on the basis of the following:

- **Management fees:** Management fees are recognized on a straight-line basis over the term of the contract, starting from the date of commencement of the contract. Management fees are recognized as revenue when the services are rendered.
- **Operational fees:** Operational fees are recognized on a straight-line basis over the term of the contract, starting from the date of commencement of the contract. Operational fees are recognized as revenue when the services are rendered.
- **Construction fees:** Construction fees are recognized on a straight-line basis over the term of the contract, starting from the date of commencement of the contract. Construction fees are recognized as revenue when the services are rendered.
- **Other fees:** Other fees are recognized on a straight-line basis over the term of the contract, starting from the date of commencement of the contract. Other fees are recognized as revenue when the services are rendered.

The following table shows the revenue from Hospital Management Services for the periods ended 31 December 2021 and 31 December 2020:

Revenue from Hospital Management Services	2021	2020
Management fees	1,234,567	1,123,456
Operational fees	2,345,678	2,234,567
Construction fees	3,456,789	3,345,678
Other fees	4,567,890	4,456,789
<b>Total</b>	<b>11,604,924</b>	<b>11,159,930</b>







# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies

### 2.24 Interest income

Interest income is recognised on a time proportion basis on the carrying amount of the financial asset, using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset or liability (or, where appropriate, to maturity) at the amount that would result in the carrying amount of the asset or liability at the end of its expected life (or maturity) being equal to the net present value of the estimated future cash payments or receipts.

Interest income is recognised on a time proportion basis on the carrying amount of the financial asset, using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset or liability (or, where appropriate, to maturity) at the amount that would result in the carrying amount of the asset or liability at the end of its expected life (or maturity) being equal to the net present value of the estimated future cash payments or receipts.

Interest income is recognised on a time proportion basis on the carrying amount of the financial asset, using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset or liability (or, where appropriate, to maturity) at the amount that would result in the carrying amount of the asset or liability at the end of its expected life (or maturity) being equal to the net present value of the estimated future cash payments or receipts.

### 2.25 Leases

Leases are classified as finance leases whenever the terms of the lease agreement provide that substantially all the risks and rewards of ownership are transferred to the lessee.

Leases are classified as finance leases whenever the terms of the lease agreement provide that substantially all the risks and rewards of ownership are transferred to the lessee.

Leases are classified as finance leases whenever the terms of the lease agreement provide that substantially all the risks and rewards of ownership are transferred to the lessee.

Leases are classified as finance leases whenever the terms of the lease agreement provide that substantially all the risks and rewards of ownership are transferred to the lessee.

Leases are classified as finance leases whenever the terms of the lease agreement provide that substantially all the risks and rewards of ownership are transferred to the lessee.

Leases are classified as finance leases whenever the terms of the lease agreement provide that substantially all the risks and rewards of ownership are transferred to the lessee.

Leases are classified as finance leases whenever the terms of the lease agreement provide that substantially all the risks and rewards of ownership are transferred to the lessee.

Leases are classified as finance leases whenever the terms of the lease agreement provide that substantially all the risks and rewards of ownership are transferred to the lessee.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies

### 2.25 Leases

As at 31 December 2019, the Group had lease contracts for various pieces of property, plant and equipment, including land use rights, buildings, vehicles, office equipment and other assets. The Group has elected to apply the short-term lease exemption for leases with a maximum term of 12 months and does not recognize right-of-use assets and lease liabilities for these leases. For all other leases, the Group recognizes right-of-use assets and lease liabilities at the commencement date of the lease. Right-of-use assets are measured at cost, which includes the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, and any initial direct costs incurred by the Group. Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Group's incremental borrowing rate. Lease payments include fixed payments, less any lease incentives received, and variable lease payments that depend on an index or a rate, unless those payments do not vary in practice. Lease payments that vary in practice are measured at the commencement date based on the index or rate used at that time. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. For leases with a term of 12 months or less, the Group uses the straight-line method to recognize the expense of the lease payments in the profit or loss. Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Group's incremental borrowing rate. Lease payments include fixed payments, less any lease incentives received, and variable lease payments that depend on an index or a rate, unless those payments do not vary in practice. Lease payments that vary in practice are measured at the commencement date based on the index or rate used at that time.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies

### 2.25 Leases

On 1 January 2019, the Group adopted IFRS 16, Leases, and the modified retrospective method was used to transition to IFRS 16. The Group's accounting policy for leases is as follows:

At the commencement date, the Group recognizes a lease liability, which is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be determined, the Group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate. Lease payments to be made over the lease term are recognized as expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the economic benefit consumed. The Group also recognizes a corresponding right-of-use asset, which is measured at the amount of the lease liability, adjusted for any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Leases for which the lease term is 12 months or less, and leases of low value assets, are recognized as lease liabilities at the commencement date of the lease. The corresponding right-of-use asset is not recognized and the lease payments are recognized as an expense on a straight-line basis over the lease term.

Leases with variable lease payments that do not depend on an index or a rate are recognized as an expense on a straight-line basis over the lease term. The Group also recognizes a corresponding right-of-use asset, which is measured at the amount of the lease liability, adjusted for any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Leases with variable lease payments that depend on an index or a rate are recognized as a lease liability at the commencement date of the lease, measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be determined, the Group's incremental borrowing rate. The corresponding right-of-use asset is also recognized at the commencement date of the lease, measured at the amount of the lease liability, adjusted for any lease incentives received. The lease liability is remeasured at each reporting date using the current index or rate. The corresponding right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

At the end of the lease term, the Group recognizes a gain or loss on disposal of the right-of-use asset. The gain or loss is calculated as the difference between the carrying amount of the right-of-use asset and the fair value of the underlying asset. The gain or loss is recognized in profit or loss.

### 2.26 Dividends distribution

The Group recognizes dividends distribution as a liability when it is approved by the shareholders of the Company. Dividends distribution is recognized as a liability when it is approved by the shareholders of the Company.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 Summary of significant accounting policies

#### 2.27 Government grants

Government grants are recognized when the entity can reasonably be assured that the grant will be received and that the entity will comply with the conditions attached to the grant. Grants are recognized in the profit and loss account as income over the period in which the entity recognizes the related costs. Grants that compensate the entity for costs incurred in previous periods are recognized in the profit and loss account in the period in which they are received. Grants that compensate the entity for costs incurred in future periods are recognized in the profit and loss account in the period in which the costs are incurred. Grants that compensate the entity for costs incurred in future periods are recognized in the profit and loss account in the period in which the costs are incurred.

#### 2.28 Earnings per share

##### (i) Basic earnings per share

Basic earnings per share is calculated as the profit or loss attributable to ordinary equity holders of the parent entity, divided by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding is calculated as the number of ordinary shares outstanding at the beginning of the period, plus the number of ordinary shares issued during the period, minus the number of ordinary shares repurchased during the period, multiplied by the fraction of the period for which the shares were outstanding.

##### (ii) Diluted earnings per share

Diluted earnings per share is calculated as the profit or loss attributable to ordinary equity holders of the parent entity, divided by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would have been outstanding if all dilutive potential ordinary shares had been converted into ordinary shares. Dilutive potential ordinary shares are defined as shares that, if converted into ordinary shares, would dilute the earnings per share. Dilutive potential ordinary shares are included in the calculation of diluted earnings per share if they are dilutive. Dilutive potential ordinary shares are included in the calculation of diluted earnings per share if they are dilutive.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 Financial risk management

#### 3.1 Financial risk factors

- ' -





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 Financial risk management

### 3.1 Financial risk factors

#### (i) Market risk

(a) The primary market risk is the movement of the exchange rate of the New Zealand dollar against the United States dollar. The Group has a number of transactions denominated in US dollars, and changes in the exchange rate may affect the value of these transactions. The Group's exposure to exchange rate risk is managed through the use of forward exchange contracts. The Group's net exposure to exchange rate risk is as follows:

	2021	2020
Net US dollar exposure	2,172.6	2,336.6
US dollar exposure as a percentage of sales	1.1%	1.1%
Net US dollar exposure as a percentage of sales	1.1%	1.1%
Net US dollar exposure as a percentage of sales	1.1%	1.1%
Net US dollar exposure as a percentage of sales	1.1%	1.1%
Net US dollar exposure as a percentage of sales	1.1%	1.1%
Net US dollar exposure as a percentage of sales	1.1%	1.1%
Net US dollar exposure as a percentage of sales	1.1%	1.1%
Net US dollar exposure as a percentage of sales	1.1%	1.1%
Net US dollar exposure as a percentage of sales	1.1%	1.1%

(b) The Group is exposed to interest rate risk through its operations. The Group's interest rate risk is managed through the use of interest rate swaps. The Group's net exposure to interest rate risk is as follows:

	2021	2020
Net interest rate exposure	1.00	1.00
Net interest rate exposure as a percentage of sales	0.00%	0.00%

(c) The Group is exposed to credit risk through its operations. The Group's credit risk is managed through the use of credit insurance. The Group's net exposure to credit risk is as follows:

	2021	2020
Net credit risk exposure	1.00	1.00
Net credit risk exposure as a percentage of sales	0.00%	0.00%

#### (ii) Credit risk

(a) The Group is exposed to credit risk through its operations. The Group's credit risk is managed through the use of credit insurance. The Group's net exposure to credit risk is as follows:

	2021	2020
Net credit risk exposure	1.00	1.00
Net credit risk exposure as a percentage of sales	0.00%	0.00%

(b) The Group is exposed to credit risk through its operations. The Group's credit risk is managed through the use of credit insurance. The Group's net exposure to credit risk is as follows:

	2021	2020
Net credit risk exposure	1.00	1.00
Net credit risk exposure as a percentage of sales	0.00%	0.00%

(c) The Group is exposed to credit risk through its operations. The Group's credit risk is managed through the use of credit insurance. The Group's net exposure to credit risk is as follows:

	2021	2020
Net credit risk exposure	1.00	1.00
Net credit risk exposure as a percentage of sales	0.00%	0.00%

(d) The Group is exposed to credit risk through its operations. The Group's credit risk is managed through the use of credit insurance. The Group's net exposure to credit risk is as follows:

	2021	2020
Net credit risk exposure	1.00	1.00
Net credit risk exposure as a percentage of sales	0.00%	0.00%

(e) The Group is exposed to credit risk through its operations. The Group's credit risk is managed through the use of credit insurance. The Group's net exposure to credit risk is as follows:

	2021	2020
Net credit risk exposure	1.00	1.00
Net credit risk exposure as a percentage of sales	0.00%	0.00%

(f) The Group is exposed to credit risk through its operations. The Group's credit risk is managed through the use of credit insurance. The Group's net exposure to credit risk is as follows:

	2021	2020
Net credit risk exposure	1.00	1.00
Net credit risk exposure as a percentage of sales	0.00%	0.00%

(g) The Group is exposed to credit risk through its operations. The Group's credit risk is managed through the use of credit insurance. The Group's net exposure to credit risk is as follows:

	2021	2020
Net credit risk exposure	1.00	1.00
Net credit risk exposure as a percentage of sales	0.00%	0.00%

(h) The Group is exposed to credit risk through its operations. The Group's credit risk is managed through the use of credit insurance. The Group's net exposure to credit risk is as follows:

	2021	2020
Net credit risk exposure	1.00	1.00
Net credit risk exposure as a percentage of sales	0.00%	0.00%

(i) The Group is exposed to credit risk through its operations. The Group's credit risk is managed through the use of credit insurance. The Group's net exposure to credit risk is as follows:

	2021	2020
Net credit risk exposure	1.00	1.00
Net credit risk exposure as a percentage of sales	0.00%	0.00%







## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 Financial risk management



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 Financial risk management

#### 3.1 Financial risk factors

##### (ii) Credit risk

( )	m	m	( )	m	m	( )	m	m	( )
( )	m	m	( )	m	m	( )	m	m	( )
( )	m	m	( )	m	m	( )	m	m	( )
( )	m	m	( )	m	m	( )	m	m	( )

	Trade receivables	
	2021	2020
	RMB'000	US L '000
Opening loss allowance as at January 1	3,000	5,000
	3,085	5,000
	3,475	5,000
	(2,821)	(5,000)
<b>Closing loss allowance as at December 31</b>	<b>6,739</b>	<b>5,000</b>

	Amounts due from related parties (trade in nature)	
	2021	2020
	RMB'000	US L '000
Opening loss allowance as at January 1	9,345	5,000
	23,002	5,000
<b>Closing loss allowance as at December 31</b>	<b>32,347</b>	<b>5,000</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 Financial risk management

### 3.1 Financial risk factors

#### (ii) Credit risk

	2021	2020
Contract receivables	2,137,784	1,809,282
Trade receivables	4,618,240	3,977,991
Other receivables	1,188,476	1,188,476
Financial assets at fair value through profit or loss	2,872,523	2,872,523
Financial assets at fair value through other comprehensive income	1,835,793	1,835,793
Financial assets at amortized cost	1,324,148	1,324,148
Other financial assets	1,856,133	1,856,133
<b>Total</b>	<b>15,633,097</b>	<b>13,824,346</b>
Less: Allowance for impairment losses	(1,333,000)	(1,333,000)
<b>Net amount</b>	<b>14,300,097</b>	<b>12,491,346</b>
Contract receivables	2,137,784	1,809,282
Trade receivables	4,618,240	3,977,991
Other receivables	1,188,476	1,188,476
Financial assets at fair value through profit or loss	2,872,523	2,872,523
Financial assets at fair value through other comprehensive income	1,835,793	1,835,793
Financial assets at amortized cost	1,324,148	1,324,148
Other financial assets	1,856,133	1,856,133
<b>Total</b>	<b>15,633,097</b>	<b>13,824,346</b>
Less: Allowance for impairment losses	(1,333,000)	(1,333,000)
<b>Net amount</b>	<b>14,300,097</b>	<b>12,491,346</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 Financial risk management

#### 3.1 Financial risk factors

##### (iii) Liquidity risk

The following table shows the maturity of the Group's financial liabilities as at the reporting date, based on the contractual undiscounted cash flows (including interest payments) payable to the creditors:

The following table shows the maturity of the Group's financial assets as at the reporting date, based on the contractual undiscounted cash flows (including interest payments) receivable from the debtors:

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At December 31, 2021</b>					
Trade payables	73,573	-	-	-	73,573
Accounts receivable	1,880	1,702	3,802	2,733	10,117
Other receivables	124,300	-	-	-	124,300
Other financial assets	-	-	-	-	-
Financial liabilities	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Other financial liabilities (including bank borrowings)	148,201	346,747	-	-	494,948
Other financial liabilities (including bank borrowings)	13,246	-	-	-	13,246
Other financial liabilities (including bank borrowings)	-	906,916	-	-	906,916
	<u>361,200</u>	<u>1,255,365</u>	<u>3,802</u>	<u>2,733</u>	<u>1,623,100</u>
<b>At December 31, 2020</b>					
Trade payables	0	5	-	-	5
Accounts receivable	0	5	-	05	10
Other receivables	-	-	-	-	-
Other financial assets	-	-	-	-	-
Financial liabilities	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Other financial liabilities (including bank borrowings)	5	-	-	-	5
Other financial liabilities (including bank borrowings)	5	-	-	-	5
Other financial liabilities (including bank borrowings)	5	-	55	-	65
	<u>0</u>	<u>5</u>	<u>55</u>	<u>05</u>	<u>65</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 Financial risk management

#### 3.1 Financial risk factors

##### (iv) Price risk

Our financial risk management objectives are to manage the risk of changes in the fair value of our financial assets and liabilities due to changes in market prices. We are exposed to price risk on our investments in equity securities. We do not use derivatives to manage price risk.

The carrying amount of our equity securities as at 31 December 2021 was L 5,000,000 (31 December 2020: L 5,000,000). A 5% increase/decrease in the fair value of our equity securities would result in a change of L 250,000 (2020: L 250,000) in our consolidated profit or loss.

The carrying amount of our equity securities as at 31 December 2020 was L 5,000,000 (31 December 2019: L 5,000,000). A 5% increase/decrease in the fair value of our equity securities would result in a change of L 250,000 (2019: L 250,000) in our consolidated profit or loss.

#### 3.2 Capital Risk Management

Our capital risk management objectives are to ensure that we have sufficient capital to meet our obligations and to maximize the value of our capital. We do not use derivatives to manage capital risk.

The carrying amount of our capital as at 31 December 2021 was L 5,000,000 (31 December 2020: L 5,000,000). A 5% increase/decrease in the carrying amount of our capital would result in a change of L 250,000 (2020: L 250,000) in our consolidated profit or loss.

The carrying amount of our capital as at 31 December 2020 was L 5,000,000 (31 December 2019: L 5,000,000). A 5% increase/decrease in the carrying amount of our capital would result in a change of L 250,000 (2019: L 250,000) in our consolidated profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 Financial risk management

#### 3.3 Fair value estimation

##### (i) Fair value hierarchy

The fair value hierarchy is based on the following categories:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities, market-corroborated inputs, and inputs that are observable for the asset or liability through corroboration from other sources.
- Level 3: Unobservable inputs for the asset or liability.

The fair value of the financial assets and liabilities is determined based on the above hierarchy. The fair value of the financial assets and liabilities is determined based on the above hierarchy.

At December 31, 2021

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Medical equipment	-	338,905	-	338,905
<b>Total assets</b>	<b>-</b>	<b>338,905</b>	<b>-</b>	<b>338,905</b>
<b>Liabilities</b>				
Medical equipment	-	-	906,916	906,916
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>906,916</b>	<b>906,916</b>

At December 31, 2020

	L '000	L '000	L '000	L '000
<b>Assets</b>				
Medical equipment	-	0,	-	0,
<b>Total assets</b>	<b>-</b>	<b>0,</b>	<b>-</b>	<b>0,</b>
<b>Liabilities</b>				
Medical equipment	-	-	,55 , 5	,55 , 5
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>,55 , 5</b>	<b>,55 , 5</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 Financial risk management

#### 3.3 Fair value estimation

##### (i) Fair value hierarchy

Table with 3 columns: Description, 2021 (m), and 2020 (m). The table contains several rows of financial data, including values like 1,000, 200, 500, and 1,500. Some values are in parentheses, indicating negative figures. The table is partially obscured by a large watermark.

	2021 (m)	2020 (m)
	1,000	200
	(200)	(500)
	1,500	(1,000)
	(500)	(1,000)
	1,000	500
	(200)	(500)
	1,000	500
	(200)	(500)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 Financial risk management

### 3.3 Fair value estimation

#### (iii) Fair value measurements using significant observable inputs (level 2)

	RMB'000
Opening balance as at January 1, 2020	50,000
Change during the period	(50,000)
Closing balance as at December 31, 2020	0
Opening balance as at January 1, 2021	90,737
Change during the period	221,000
Closing balance as at December 31, 2021	338,905
	3,053
	0

Monetary funds with floating rates

RMB'000

\* ... (L 5,000,000) ... (0.00 L 55,000).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 Financial risk management

#### 3.3 Fair value estimation

##### (iv) Fair value measurements using significant unobservable inputs (level 3)

	Call option to acquire subsidiaries' remaining interests (Note 22) RMB'000	Convertible bonds (Note 34) RMB'000	Total RMB'000
Opening balance as at January 1, 2020	00	( , , 0)	( , , 0)
( ) / ( )	( 00)	5, 5	, 5 5
Closing balance as at December 31, 2020	<u>          </u>	<u>( , 55 , 5)</u>	<u>( , 55 , 5)</u>
Opening balance as at January 1, 2021	-	(1,558,245)	(1,558,245)
( ) / ( )	-	689,644	689,644
( ) / ( )	-	(38,315)	(38,315)
Closing balance as at December 31, 2021	<u>          </u>	<u>(906,916)</u>	<u>(906,916)</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 Critical accounting estimates and judgements

As at 31 December 2019, the carrying amount of goodwill was RMB1,210 million, of which RMB1,000 million was attributable to the acquisition of Hainan Heliang Hospital Group Co., Ltd. ("Heliang Hospital Group") in 2015. The carrying amount of goodwill is subject to impairment testing at least annually, or more frequently if there are indications that goodwill might be impaired. The impairment testing is performed by comparing the carrying amount of the cash-generating unit ("CGU") containing goodwill with its recoverable amount. The recoverable amount is the maximum of the fair value less costs of disposal and the value in use. The value in use is determined by discounting the expected future cash flows that are expected to be generated by the CGU. The discounting is performed using a discount rate that reflects the risks associated with the CGU. The carrying amount of goodwill is reduced by the amount of the impairment loss, which is recognized in the consolidated income statement.

#### (i) Estimation of goodwill impairment

The recoverable amount of the CGU is determined by discounting the expected future cash flows that are expected to be generated by the CGU. The discounting is performed using a discount rate that reflects the risks associated with the CGU. The carrying amount of goodwill is reduced by the amount of the impairment loss, which is recognized in the consolidated income statement. The impairment loss is calculated as the difference between the carrying amount of the CGU and its recoverable amount. The carrying amount of the CGU is the sum of the carrying amount of the identifiable intangible assets and the carrying amount of the goodwill. The recoverable amount is the maximum of the fair value less costs of disposal and the value in use. The value in use is determined by discounting the expected future cash flows that are expected to be generated by the CGU. The discounting is performed using a discount rate that reflects the risks associated with the CGU.

The carrying amount of the CGU is RMB1,210 million as at 31 December 2019. The recoverable amount is RMB1,000 million. The impairment loss is RMB210 million. The impairment loss is recognized in the consolidated income statement. The carrying amount of goodwill is reduced by RMB210 million. The carrying amount of goodwill is RMB1,000 million as at 31 December 2019.

The carrying amount of the CGU is RMB1,210 million as at 31 December 2019. The recoverable amount is RMB1,000 million. The impairment loss is RMB210 million. The impairment loss is recognized in the consolidated income statement. The carrying amount of goodwill is reduced by RMB210 million. The carrying amount of goodwill is RMB1,000 million as at 31 December 2019.

#### (a) Revenue (% compound growth rates)

The carrying amount of the CGU is RMB1,210 million as at 31 December 2019. The recoverable amount is RMB1,000 million. The impairment loss is RMB210 million. The impairment loss is recognized in the consolidated income statement. The carrying amount of goodwill is reduced by RMB210 million. The carrying amount of goodwill is RMB1,000 million as at 31 December 2019.

#### (b) Long-term growth rate

The carrying amount of the CGU is RMB1,210 million as at 31 December 2019. The recoverable amount is RMB1,000 million. The impairment loss is RMB210 million. The impairment loss is recognized in the consolidated income statement. The carrying amount of goodwill is reduced by RMB210 million. The carrying amount of goodwill is RMB1,000 million as at 31 December 2019.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 Critical accounting estimates and judgements

### (i) Estimation of goodwill impairment

#### (c) Discount rates

The carrying amount of goodwill is determined as the excess of the cost of an acquisition over the fair value of the identifiable intangible assets acquired. The fair value of the identifiable intangible assets is determined based on the present value of the cash flows expected to be generated by the assets. The discount rate used in the calculation of the present value of the cash flows is the weighted average cost of capital (WACC) of the entity. The WACC is determined based on the entity's capital structure, the cost of debt and the cost of equity. The cost of debt is determined based on the entity's credit rating and the market interest rate. The cost of equity is determined based on the entity's risk profile and the market return on equity. The WACC is used to discount the cash flows to their present value. The discount rate used in the calculation of the present value of the cash flows is the weighted average cost of capital (WACC) of the entity. The WACC is determined based on the entity's capital structure, the cost of debt and the cost of equity. The cost of debt is determined based on the entity's credit rating and the market interest rate. The cost of equity is determined based on the entity's risk profile and the market return on equity. The WACC is used to discount the cash flows to their present value.

### (ii) Fair value estimation of convertible bonds

The fair value of convertible bonds is determined based on the present value of the cash flows expected to be generated by the bonds. The discount rate used in the calculation of the present value of the cash flows is the market interest rate for similar bonds. The fair value of the convertible bonds is determined based on the present value of the cash flows expected to be generated by the bonds. The discount rate used in the calculation of the present value of the cash flows is the market interest rate for similar bonds.

### (iii) Assessment of control over not-for-profit hospitals

The assessment of control over not-for-profit hospitals is based on the entity's ability to direct the financial and operating policies of the hospitals. The entity's ability to direct the financial and operating policies of the hospitals is based on the entity's ownership and management of the hospitals. The entity's ownership and management of the hospitals is based on the entity's legal and contractual rights over the hospitals. The entity's legal and contractual rights over the hospitals are based on the entity's ownership and management of the hospitals. The entity's ownership and management of the hospitals is based on the entity's legal and contractual rights over the hospitals. The entity's legal and contractual rights over the hospitals are based on the entity's ownership and management of the hospitals.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**4 Critical accounting estimates and judgements**

**(iii) Assessment of control over not-for-profit hospitals**

As at 31 December 2019, the Group's investment in not-for-profit hospitals was RMB1,000 million, which was recorded as long-term equity investments. The Group's investment in not-for-profit hospitals was made through its wholly owned subsidiaries, HCC Hospital Management (China) Limited and HCC Hospital Management (Hong Kong) Limited. The Group's investment in not-for-profit hospitals was made for the purpose of providing medical services to the public. The Group's investment in not-for-profit hospitals was made in accordance with the relevant laws and regulations in China and Hong Kong. The Group's investment in not-for-profit hospitals was made in accordance with the relevant laws and regulations in China and Hong Kong. The Group's investment in not-for-profit hospitals was made in accordance with the relevant laws and regulations in China and Hong Kong.

**(iv) Estimation of defined benefit obligation**

The Group's defined benefit obligation is measured at the present value of the defined benefit obligation at the reporting date. The Group's defined benefit obligation is measured at the present value of the defined benefit obligation at the reporting date. The Group's defined benefit obligation is measured at the present value of the defined benefit obligation at the reporting date.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 Segment information

### (i) General hospital services

Revenue from general hospital services was 1,000 million yen (2020: 1,000 million yen), of which 1,000 million yen (2020: 1,000 million yen) was derived from the sale of pharmaceutical products, 1,000 million yen (2020: 1,000 million yen) was derived from the sale of medical equipment, and 1,000 million yen (2020: 1,000 million yen) was derived from the sale of medical supplies.

Operating profit from general hospital services was 100 million yen (2020: 100 million yen), of which 100 million yen (2020: 100 million yen) was derived from the sale of pharmaceutical products, 100 million yen (2020: 100 million yen) was derived from the sale of medical equipment, and 100 million yen (2020: 100 million yen) was derived from the sale of medical supplies.

### (ii) Hospital management services

Revenue from hospital management services was 100 million yen (2020: 100 million yen), of which 100 million yen (2020: 100 million yen) was derived from the sale of pharmaceutical products, 100 million yen (2020: 100 million yen) was derived from the sale of medical equipment, and 100 million yen (2020: 100 million yen) was derived from the sale of medical supplies.

### (iii) Sale of pharmaceutical products

Revenue from the sale of pharmaceutical products was 1,000 million yen (2020: 1,000 million yen), of which 1,000 million yen (2020: 1,000 million yen) was derived from the sale of pharmaceutical products, 1,000 million yen (2020: 1,000 million yen) was derived from the sale of medical equipment, and 1,000 million yen (2020: 1,000 million yen) was derived from the sale of medical supplies.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 Segment information



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 Segment information

#### (iv) Unallocated

	2019 L '000	2018 L '000	2017 L '000	2016 L '000	2015 L '000
<b>Year ended December 31, 2020</b>					
Revenue	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Cost of sales	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Operating expenses	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Operating income	400,000	400,000	400,000	400,000	400,000
EBITDA	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Depreciation	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Amortization	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Impairment	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
EBITDA	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
As at December 31, 2020					
Revenue	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Cost of sales	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Operating expenses	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Operating income	400,000	400,000	400,000	400,000	400,000
EBITDA	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Depreciation	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Amortization	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Impairment	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
EBITDA	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)







## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8 Other gains – net

		Year ended December 31,	
		2021	2020
		RMB'000	US\$'000
Gain on disposal of subsidiaries		12,843	5,500
Gain on disposal of investment in subsidiaries		5,763	2,500
Gain on disposal of investment in associates		(142)	(60)
		<u>1,390</u>	<u>7,400</u>
		<u><u>19,854</u></u>	<u><u>25,400</u></u>

### 9 Employee benefit expense

		Year ended December 31,	
		2021	2020
		RMB'000	US\$'000
Short-term employee benefits		129,356	50,000
Long-term employee benefits		42,798	16,000
Termination benefits		108	40
		<u>14,978</u>	<u>5,500</u>
		<u><u>187,240</u></u>	<u><u>71,500</u></u>

(1) The long-term employee benefits are provided to employees of the Group under the defined contribution pension plan. The expense for the long-term employee benefits is recognized when the employee is employed by the Group.

The Group's employee benefit expense for 2021 was RMB187,240 thousand (US\$71,500 thousand), of which RMB129,356 thousand (US\$50,000 thousand) was short-term employee benefits, RMB42,798 thousand (US\$16,000 thousand) was long-term employee benefits, and RMB108 thousand (US\$40 thousand) was termination benefits. The short-term employee benefits expense for 2021 was RMB129,356 thousand (US\$50,000 thousand), of which RMB129,356 thousand (US\$50,000 thousand) was accrued during the year, and RMB0 thousand (US\$0 thousand) was accrued in the prior year.

	Year ended December 31,	
	2021	2020
	RMB'000	US\$'000
Salaries and wages	3,443	3,000
Director's remuneration	105	100
Employee benefits	1,422	1,500
Share-based payments	-	-
Other employee benefits	958	1,000
Provision for doubtful debts	69	100
	<u>5,997</u>	<u>5,005</u>

Emolument band	Year ended December 31,	
	2021	2020
	no. of	no. of
	individri	individri
> US\$1,000,000	1	1
> US\$500,000 - US\$1,000,000	2	1
> US\$100,000 - US\$500,000	-	-
> US\$50,000 - US\$100,000	1	1
	<u>4</u>	<u>3</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10 Finance income and costs

		Year ended December 31,	
		2021	2020
		RMB'000	US\$'000
<b>Finance income</b>			
Interest income	1,000,000	2,829	2,050
Dividend income	1,000,000	3,904	2,850
		<u>6,733</u>	<u>4,900</u>
<b>Finance costs</b>			
Interest expense	1,000,000	(5,706)	(4,100)
Interest expense on financial assets	1,000,000	(386)	(280)
Interest expense on bank deposits	1,000,000	(1,250)	(900)
Interest expense on bank borrowings	1,000,000	(13,345)	(9,500)
Interest expense on other financial liabilities	1,000,000	(74)	(50)
		<u>(20,761)</u>	<u>(15,830)</u>
<b>Finance costs – net</b>		<u><u>(14,028)</u></u>	<u><u>(10,930)</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 Subsidiaries

Name of entity	Place and date of incorporation/establishment/ kind of legal entity	Principal activities/ place of operation	Registered/ Issued and paid-up capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2021	2020	2021	2020
				%	%	%	%
<b>Directly owned:</b>							
天銳控股有限公司 (天銳控股有限公司)	2015年11月10日 中國	投資	\$ 1,000,000	100%	00%	-	-
恒越投資有限公司	2015年11月10日 中國	投資	\$ 1,000,000	100%	00%	-	-
東協控股有限公司	2015年11月10日 中國	投資	\$ 1,000,000	100%	00%	-	-
<b>Indirectly owned:</b>							
妙榮控股有限公司	2015年11月10日 中國	投資	\$ 1,000,000	100%	00%	-	-
捷籍控股有限公司	2015年11月10日 中國	投資	\$ 1,000,000	100%	00%	-	-
成臻有限公司	2015年11月10日 中國	投資	\$ 1,000,000	100%	00%	-	-
弘和醫信投資管理(上海)有限公司	2015年11月10日 中國	投資	0,000,000	100%	00%	-	-
西藏弘和志遠企業管理有限公司	2015年11月10日 中國	投資	0,000,000	100%	00%	-	-
西藏達孜弘和瑞信企業管理有限公司	2015年11月10日 中國	投資	500,000	77%	0%	23%	0%
上海維康投資管理有限公司	2015年11月10日 中國	投資	0,000,000	77%	0%	23%	0%
浙江弘和致遠醫療科技有限公司	2015年11月10日 中國	投資	0,000,000	75%	5%	25%	0.5%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11 Subsidiaries

Name of entity	Place and date of incorporation/ establishment/kind of legal entity	Principal activities/ place of operation	Registered/ Issued and paid-up capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2021 %	2021 %	2021 %	2021 %
<p>1. [Entity Name] Ltd, m</p> <p>2. [Entity Name] ( )</p>				.0.0		.0.0	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 Subsidiaries

Name of entity	Place and date of incorporation/ establishment/kind of legal entity	Principal activities/ place of operation	Registered/ Issued and paid-up capital	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2021 %	2020 %	2021 %	2020 %
弘和(金華)藥業有限公司	China, 2015	Pharmaceuticals	RMB 100,000	100%	100%	-	-
北京弘遠智盈企業管理諮詢有限公司	China, 2015	Management consulting	RMB 1,000,000	100%	100%	-	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11 Subsidiaries

#### (i) Investment in subsidiaries

As at December 31, 2021, the carrying amount of investment in subsidiaries is RMB1,000,000,000 (2020: RMB1,000,000,000).

#### (ii) Significant restrictions

As at December 31, 2021, the carrying amount of investment in subsidiaries with significant restrictions is RMB10,500,000 (2020: RMB10,500,000). The carrying amount of investment in subsidiaries with significant restrictions is included in the consolidated financial statements as follows:

#### (iii) Material non-controlling interests (NCI)

As at December 31, 2021, the carrying amount of material non-controlling interests is RMB1,000,000 (2020: RMB1,000,000). The carrying amount of material non-controlling interests is included in the consolidated financial statements as follows:

#### *Summarised balance sheet*

	Weikang Investment		Honghe Ruixin		Jiande Hospital		Cixi Honghe		Zhejiang Honghe Zhiyuan		Yangsi Hospital
	As at December 31, 2021		As at December 31, 2021		As at December 31, 2021		As at December 31, 2021		As at December 31, 2021		Period from December 6 to December 31, 2021
	RMB'000	L'000	RMB'000	L'000	RMB'000	L'000	RMB'000	L'000	RMB'000	L'000	RMB'000
Investment in subsidiaries	128,789		133,802		120,630	5	25,610		137,381	50	341,431
Impairment loss	(75,832)	(1,000)	(47,261)	(1,000)	(127,320)	(1,000)	(10,642)	(1,000)	(114,549)	(1,000)	(320,859)
Investment in subsidiaries / (liabilities)	52,957	5,000	86,541	1,000	(6,690)	(5,55)	14,968	105	22,832	1,000	50,572



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 Subsidiaries

### (iii) Material non-controlling interests (NCI)

#### Summarised statement of comprehensive income

	Weikang Investment		Honghe Ruixin		Jiande Hospital		Cixi Honghe		Zhejiang Honghe Zhiyuan		Yangsi Hospital
	Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,		Period from December 6 to December 31,
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
	RMB'000	L'000	RMB'000	L'000	RMB'000	L'000	RMB'000	L'000	RMB'000	L'000	RMB'000
Revenue	53,146	5,500	125,767	1,400	185,553	1,400	14,812	5,000	17,453	1,000	107,933
Cost of sales	(30,957)	(4,000)	(120,841)	(1,500)	(6,311)	(1,000)	(173,322)	(1,500)	(270,286)	(1,500)	(28,992)
Operating profit	22,189	1,500	4,926	900	179,242	400	(158,510)	3,500	(252,833)	(500)	78,941
Other income	17,365	(1,000)	(17,652)	(1,000)	(1,950)	500	43,515	1,000	66,661	1,000	(4)
Profit/(loss) for the year	48,322	(1,000)	(12,378)	(2,000)	177,292	900	(115,000)	4,500	(186,172)	(500)	(28,996)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	48,322	(1,000)	(12,378)	(2,000)	177,292	900	(115,000)	4,500	(186,172)	(500)	(28,996)
Other comprehensive income	11,114	5,500	24,358	1,000	1,309	(1,000)	(38,942)	(1,500)	(50,906)	(1,000)	(28,996)
Profit/(loss) for the year	6,363	1,500	24,428	2,000	178,601	1,900	(153,942)	3,000	(237,078)	(1,500)	(57,992)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11 Subsidiaries

#### (iii) Material non-controlling interests (NCI)

##### *Summarised statement of cash flows*

	Weikang Investment		Honghe Ruixin		Jiande Hospital		Cixi Honghe		Zhejiang Honghe Zhiyuan		Yangsi Hospital
	As at December 31,		As at December 31,		As at December 31,		As at December 31,		As at December 31,		Period from
	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	December 6 to
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	December 31,
Operating activities	36,887	128,134	23,318	2,057	13,768	(57,821)					
Investing activities	(21,226)	(20,485)	(8,771)	(5,264)	(16,024)	47,535					
Financing activities	(4,937)	(99,697)	(2,993)	-	(3,000)	(35)					



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 Income tax credit



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 Income tax credit

(i) Cayman Islands Income Tax

	2021	2020
Income tax credit	1,000,000	1,000,000
Income tax expense	1,000,000	1,000,000
Income tax credit	1,000,000	1,000,000

(ii) Hong Kong Profits Tax

	2021	2020
Income tax credit	1,000,000	1,000,000
Income tax expense	1,000,000	1,000,000
Income tax credit	1,000,000	1,000,000

(iii) PRC Corporate Income Tax ('CIT')

	2021	2020
Income tax credit	1,000,000	1,000,000
Income tax expense	1,000,000	1,000,000
Income tax credit	1,000,000	1,000,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13 Loss per share

#### (i) Basic loss per share

	Year ended December 31,	
	2021	2020
Loss attributable to equity holders of the parent (RMB '000)	280,709	(1,034,371)
Less: Loss attributable to non-controlling interests (RMB '000)	138,194	(1,034,371)
Loss attributable to equity holders of the parent (RMB '000)	<u>(280,709)</u>	<u>(1,034,371)</u>
Weighted average number of ordinary shares outstanding (in thousands)	138,194	138,194
Basic loss per share (RMB)	<u>(2.031)</u>	<u>(7.486)</u>

#### (ii) Diluted loss per share

Loss attributable to equity holders of the parent (RMB '000)	280,709	(1,034,371)
Less: Loss attributable to non-controlling interests (RMB '000)	138,194	(1,034,371)
Loss attributable to equity holders of the parent (RMB '000)	<u>(280,709)</u>	<u>(1,034,371)</u>
Weighted average number of ordinary shares outstanding (in thousands)	138,194	138,194
Diluted loss per share (RMB)	<u>(2.031)</u>	<u>(7.486)</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14 Property, plant and equipment

	Buildings RMB'000	Leasehold improvements RMB'000	Medical equipment RMB'000	Office equipment, furniture and vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At January 1, 2020</b>						
Cost	4,555	1,000	1,000	1,000	4,500	12,055
Accumulated depreciation	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(5,000)
<b>Net book value</b>	<b>3,555</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,500</b>	<b>7,055</b>
<b>Year ended December 31, 2020</b>						
<b>Net book value</b>						
Cost	4,555	1,000	1,000	1,000	4,500	12,055
Accumulated depreciation	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(5,000)
<b>Net book value</b>	<b>3,555</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,500</b>	<b>7,055</b>
<b>At December 31, 2020</b>						
Cost	4,555	1,000	1,000	1,000	4,500	12,055
Accumulated depreciation	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(5,000)
<b>Net book value</b>	<b>3,555</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,500</b>	<b>7,055</b>
<b>Year ended December 31, 2021</b>						
<b>Net book value</b>						
Cost	108,330	2,358	27,457	4,685	2,295	145,125
Accumulated depreciation	(12,596)	(9,700)	(81,485)	(6,790)	(750)	(111,321)
Impairment losses	-	3,655	3,147	1,259	3,840	11,901
Disposal	(2,084)	-	(7)	(70)	-	(2,161)
Transfer	4,291	985	-	859	(6,135)	-
Change in fair value	(4,894)	(1,127)	(7,490)	(1,960)	-	(15,471)
<b>Net book value</b>	<b>118,239</b>	<b>15,571</b>	<b>104,592</b>	<b>11,563</b>	<b>750</b>	<b>250,715</b>
<b>At December 31, 2021</b>						
Cost	140,870	19,849	123,729	18,440	750	303,638
Accumulated depreciation	(22,631)	(4,278)	(19,137)	(6,877)	-	(52,923)
<b>Net book value</b>	<b>118,239</b>	<b>15,571</b>	<b>104,592</b>	<b>11,563</b>	<b>750</b>	<b>250,715</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14 Property, plant and equipment

	2019	2018
	RMB million	RMB million
At the beginning of the year	1,500,000	1,555,000
Acquisition	1,000,000	1,000,000
Disposal	(500,000)	(500,000)
Depreciation	(500,000)	(500,000)
At the end of the year	1,500,000	1,555,000
At the beginning of the year	1,500,000	1,555,000
Acquisition	1,000,000	1,000,000
Disposal	(500,000)	(500,000)
Depreciation	(500,000)	(500,000)
At the end of the year	1,500,000	1,555,000

(i) ...

(ii) ...



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15 Leases

As at December 31, 2021, the Company has no lease liabilities.

(i) Amounts recognised in the balance sheet

As at December 31, 2021, the Company has no lease assets.

As at December 31,

2021	2020
0.0	0.0





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15 Leases

#### (iii) The Group's leasing activities and how these are accounted for

	2019	2018
At the beginning of the year	1,000	1,000
Leases entered into during the year	50	50
Leases terminated during the year	(50)	(50)
At the end of the year	1,000	1,000

#### (iv) Extension and termination options

	2019	2018
At the beginning of the year	1,000	1,000
Leases entered into during the year	50	50
Leases terminated during the year	(50)	(50)
At the end of the year	1,000	1,000



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 Intangible assets

	Goodwill RMB'000	Contractual rights to provide management services RMB'000	Medical licenses RMB'000	Computer software RMB'000	Total RMB'000
<b>At January 1, 2020</b>					
Cost	1,150,684	890,411	166,379	1,083	2,208,557
Accumulated amortization	(99,280)	(99,280)	-	-	-
Impairment losses	-	-	-	3,380	3,380
Accumulated impairment losses	-	(15,807)	(6,474)	(367)	(22,648)
Net book value	<u>(141,274)</u>	<u>(410,707)</u>	<u>-</u>	<u>-</u>	<u>(551,981)</u>
Cost at the beginning of the year	<u>1,108,690</u>	<u>364,617</u>	<u>159,905</u>	<u>4,096</u>	<u>1,637,308</u>
Cost at the end of the year	<u>1,150,684</u>	<u>890,411</u>	<u>166,379</u>	<u>1,083</u>	<u>2,208,557</u>
<b>At December 31, 2020</b>					
Cost	1,150,684	890,411	166,379	1,083	2,208,557
Accumulated amortization	(99,280)	(99,280)	-	-	-
Impairment losses	-	-	-	3,380	3,380
Accumulated impairment losses	-	(15,807)	(6,474)	(367)	(22,648)
Net book value	<u>(141,274)</u>	<u>(410,707)</u>	<u>-</u>	<u>-</u>	<u>(551,981)</u>
Cost at the beginning of the year	<u>1,108,690</u>	<u>364,617</u>	<u>159,905</u>	<u>4,096</u>	<u>1,637,308</u>
Cost at the end of the year	<u>1,150,684</u>	<u>890,411</u>	<u>166,379</u>	<u>1,083</u>	<u>2,208,557</u>
<b>At December 31, 2021</b>					
Cost	1,150,684	890,411	166,379	1,083	2,208,557
Accumulated amortization	(99,280)	(99,280)	-	-	-
Impairment losses	-	-	-	3,380	3,380
Accumulated impairment losses	-	(15,807)	(6,474)	(367)	(22,648)
Net book value	<u>(141,274)</u>	<u>(410,707)</u>	<u>-</u>	<u>-</u>	<u>(551,981)</u>
Cost at the beginning of the year	<u>1,108,690</u>	<u>364,617</u>	<u>159,905</u>	<u>4,096</u>	<u>1,637,308</u>
Cost at the end of the year	<u>1,150,684</u>	<u>890,411</u>	<u>166,379</u>	<u>1,083</u>	<u>2,208,557</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 16 Intangible assets

### (i) Impairment tests for goodwill

As at 31 December 2015, the carrying amount of goodwill was RMB1,050,000,000 (2014: RMB1,050,000,000). The goodwill was allocated to the cash generating units ("CGUs") as follows:

CGU	Goodwill	Identifiable Intangible Assets	Total Intangible Assets
China	RMB1,050,000,000	RMB50,000,000	RMB1,100,000,000
Overseas	RMB0,500,000	RMB0,000,000	RMB0,500,000
<b>Total</b>	<b>RMB1,050,500,000</b>	<b>RMB50,000,000</b>	<b>RMB1,100,500,000</b>

The carrying amount of goodwill is determined as the excess of the cost of an acquisition over the fair value of identifiable intangible assets acquired. The carrying amount of identifiable intangible assets is determined as the fair value of the intangible assets acquired, less accumulated amortisation and impairment losses. The carrying amount of goodwill is reviewed for impairment at the end of each reporting period.

As at 31 December 2015, the carrying amount of identifiable intangible assets was RMB50,000,000 (2014: RMB50,000,000). The identifiable intangible assets were allocated to the CGUs as follows:

CGU	Identifiable Intangible Assets
China	RMB50,000,000
Overseas	RMB0,000,000
<b>Total</b>	<b>RMB50,000,000</b>

The carrying amount of identifiable intangible assets is determined as the fair value of the intangible assets acquired, less accumulated amortisation and impairment losses. The carrying amount of identifiable intangible assets is reviewed for impairment at the end of each reporting period.

The carrying amount of identifiable intangible assets is determined as the fair value of the intangible assets acquired, less accumulated amortisation and impairment losses. The carrying amount of identifiable intangible assets is reviewed for impairment at the end of each reporting period.

The carrying amount of identifiable intangible assets is determined as the fair value of the intangible assets acquired, less accumulated amortisation and impairment losses. The carrying amount of identifiable intangible assets is reviewed for impairment at the end of each reporting period.

The carrying amount of identifiable intangible assets is determined as the fair value of the intangible assets acquired, less accumulated amortisation and impairment losses. The carrying amount of identifiable intangible assets is reviewed for impairment at the end of each reporting period.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 Intangible assets

#### (i) Impairment tests for goodwill

	Opening RMB'000	Addition (Note 39(b)) RMB'000	Impairment RMB'000	Closing RMB'000
<b>Year ended December 31, 2021</b>				
Goodwill	58,495	-	-	58,495
Identifiable intangible assets	1,082,923	99,280	(132,008)	1,050,195
Other intangible assets	9,266	-	(9,266)	-
	<u>1,150,684</u>	<u>99,280</u>	<u>(141,274)</u>	<u>1,108,690</u>
<b>Year ended December 31, 2020</b>				
Goodwill	5,500	-	(1,500)	4,000
Identifiable intangible assets	1,082,923	99,280	(132,008)	1,050,195
Other intangible assets	9,266	-	(9,266)	-
	<u>1,107,695</u>	<u>99,280</u>	<u>(142,774)</u>	<u>1,064,201</u>

The carrying amount of goodwill is RMB58,495 thousand as at December 31, 2021, and RMB5,500 thousand as at December 31, 2020. The carrying amount of identifiable intangible assets is RMB1,050,195 thousand as at December 31, 2021, and RMB1,050,195 thousand as at December 31, 2020. The carrying amount of other intangible assets is RMB9,266 thousand as at December 31, 2021, and RMB9,266 thousand as at December 31, 2020.

As at December 31, 2021, the carrying amount of goodwill is RMB58,495 thousand, which is 100% of the total intangible assets. The carrying amount of identifiable intangible assets is RMB1,050,195 thousand, which is 90% of the total intangible assets. The carrying amount of other intangible assets is RMB9,266 thousand, which is 0.8% of the total intangible assets.

As at December 31, 2020, the carrying amount of goodwill is RMB5,500 thousand, which is 0.5% of the total intangible assets. The carrying amount of identifiable intangible assets is RMB1,050,195 thousand, which is 95% of the total intangible assets. The carrying amount of other intangible assets is RMB9,266 thousand, which is 0.9% of the total intangible assets.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 Intangible assets

#### (i) Impairment tests for goodwill

##### (a) Goodwill of Cixi Honghe operating CGU and Zhejiang Honghe Zhiyuan operating CGU

Cixi Honghe operating CGU		Zhejiang Honghe Zhiyuan operating CGU	
		June 30, 2021	June 30, 2020
Goodwill	RMB 1,000,000,000	RMB 369,300,000	RMB 369,300,000
Identifiable intangible assets	RMB 1,000,000,000	RMB 1,000,000,000	RMB 1,000,000,000
Total	RMB 2,000,000,000	RMB 1,369,300,000	RMB 1,369,300,000
Total assets	RMB 10,000,000,000	RMB 10,000,000,000	RMB 10,000,000,000
Goodwill impairment ratio	20.00%	11.07%	14.00%
Goodwill impairment amount	RMB 1,000,000,000	RMB 0	RMB 0
Goodwill impairment ratio	20.00%	11.07%	14.00%
Goodwill impairment amount	RMB 1,000,000,000	RMB 0	RMB 0

##### (b) Goodwill of DJ Medicines operating CGU

DJ Medicines operating CGU	
Goodwill	RMB 1,000,000,000
Identifiable intangible assets	RMB 1,000,000,000
Total	RMB 2,000,000,000
Total assets	RMB 10,000,000,000
Goodwill impairment ratio	20.00%
Goodwill impairment amount	RMB 1,000,000,000
Goodwill impairment ratio	20.00%
Goodwill impairment amount	RMB 1,000,000,000





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 Intangible assets

#### (i) Impairment tests for goodwill

##### (c) Goodwill of Weikang Investment and Honghe Ruixin group of CGUs

The carrying amount of goodwill of Weikang Investment and Honghe Ruixin group of CGUs is RMB1,000 million at the end of 2021. The carrying amount of goodwill of Weikang Investment and Honghe Ruixin group of CGUs is RMB1,000 million at the end of 2020. The carrying amount of goodwill of Weikang Investment and Honghe Ruixin group of CGUs is RMB1,000 million at the end of 2019.

	Year ended December 31, 2021	
	Key Assumption	Breakeven Point
Revenue growth rate	8.07%	5.91%
Discount rate	13.50%	14.76%

  

	Year ended December 31, 2020	
	Key Assumption	Breakeven Point
Revenue growth rate	10.00%	10.00%
Discount rate	15.00%	15.55%





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 Intangible assets

#### (i) Impairment tests for goodwill

##### (d) Goodwill of Jiande Hospital operating CGU

	2021	2020
Goodwill	391,000	391,000
Identifiable intangible assets	1,000,000	1,000,000
Other intangible assets	1,000,000	1,000,000
Total intangible assets	2,391,000	2,391,000
Carrying amount of cash-generating unit	2,000,000	2,000,000
Impairment loss	(391,000)	(391,000)
Goodwill at the end of the reporting period	0	391,000

  

	2021	2020
Revenue	1,000,000	1,000,000
Operating profit	97,800	150,000
Operating profit margin (%)	9.78%	15.00%
Operating profit per share (RMB '000)	391,000	1,000,000

  

	2021	2020
Revenue	1,000,000	1,000,000
Operating profit	97,800	150,000
Operating profit margin (%)	9.78%	15.00%
Operating profit per share (RMB '000)	391,000	1,000,000

  

	2021	2020
Revenue	1,000,000	1,000,000
Operating profit	97,800	150,000
Operating profit margin (%)	9.78%	15.00%
Operating profit per share (RMB '000)	391,000	1,000,000

  

	2021	2020
Revenue	1,000,000	1,000,000
Operating profit	97,800	150,000
Operating profit margin (%)	9.78%	15.00%
Operating profit per share (RMB '000)	391,000	1,000,000

  

	2021	2020
Revenue	1,000,000	1,000,000
Operating profit	97,800	150,000
Operating profit margin (%)	9.78%	15.00%
Operating profit per share (RMB '000)	391,000	1,000,000

  

	2021	2020
Revenue	1,000,000	1,000,000
Operating profit	97,800	150,000
Operating profit margin (%)	9.78%	15.00%
Operating profit per share (RMB '000)	391,000	1,000,000

  

	2021	2020
Revenue	1,000,000	1,000,000
Operating profit	97,800	150,000
Operating profit margin (%)	9.78%	15.00%
Operating profit per share (RMB '000)	391,000	1,000,000

  

	2021	2020
Revenue	1,000,000	1,000,000
Operating profit	97,800	150,000
Operating profit margin (%)	9.78%	15.00%
Operating profit per share (RMB '000)	391,000	1,000,000

  

	2021	2020
Revenue	1,000,000	1,000,000
Operating profit	97,800	150,000
Operating profit margin (%)	9.78%	15.00%
Operating profit per share (RMB '000)	391,000	1,000,000



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 Intangible assets

#### (ii) Impairment losses on contractual rights to provide management services

The impairment losses on contractual rights to provide management services are as follows:

	2021	2020
Impairment losses on contractual rights to provide management services	55,000	5,000
Impairment losses on contractual rights to provide management services	0.0	0.0
(0.0, L 5,5,000 L 5,000).		

L 5,5,000 L 5,000  
 L 0.0 L 0.0  
 L 5,5,000 L 5,000

#### (a) Contractual right to provide management service by Zhejiang Honghe Zhiyuan to Jinhua Hospital

The contractual right to provide management service by Zhejiang Honghe Zhiyuan to Jinhua Hospital is as follows:

	Year ended December 31,	
	2021	2020
Contractual right to provide management service by Zhejiang Honghe Zhiyuan to Jinhua Hospital	9.97%	14.00%
(% m )		
Contractual right to provide management service by Zhejiang Honghe Zhiyuan to Jinhua Hospital	310,000	5,000
( L '000)		

L 310,000 L 5,000  
 L 9.97% L 14.00%

	Year ended December 31, 2021	
	Key Assumption	Breakeven Point
Contractual right to provide management service by Zhejiang Honghe Zhiyuan to Jinhua Hospital	9.97%	9.87%
Contractual right to provide management service by Zhejiang Honghe Zhiyuan to Jinhua Hospital	14.00%	14.05%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 Intangible assets

#### (ii) Impairment losses on contractual rights to provide management services

##### (a) Contractual right to provide management service by Zhejiang Honghe Zhiyuan to Jinhua Hospital

	2021	2020
Contractual right to provide management service by Zhejiang Honghe Zhiyuan to Jinhua Hospital	1,000,000	1,000,000
Impairment losses	(1,000,000)	(1,000,000)
Contractual right to provide management service by Zhejiang Honghe Zhiyuan to Jinhua Hospital	0	0
Impairment losses	0	0
Contractual right to provide management service by Zhejiang Honghe Zhiyuan to Jinhua Hospital	0	0
Impairment losses	0	0
Contractual right to provide management service by Zhejiang Honghe Zhiyuan to Jinhua Hospital	0	0
Impairment losses	0	0

##### (b) Contractual right to provide management service by Cixi Honghe to Cixi Hospital

	2021	2020
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	1,000,000	1,000,000
Impairment losses	(1,000,000)	(1,000,000)
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	0	0
Impairment losses	0	0
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	0	0
Impairment losses	0	0
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	0	0
Impairment losses	0	0

#### Year ended December 31,

	2021	2020
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	4.99%	5.00%
Impairment losses	14.00%	14.00%
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	58,000	58,000
Impairment losses	58,000	58,000

	2021	2020
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	1,000,000	1,000,000
Impairment losses	(1,000,000)	(1,000,000)
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	0	0
Impairment losses	0	0
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	0	0
Impairment losses	0	0
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	0	0
Impairment losses	0	0

#### Year ended December 31, 2021

	Key Assumption	Breakeven Point
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	4.99%	4.32%
Impairment losses	14.00%	14.42%

	2021	2020
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	1,000,000	1,000,000
Impairment losses	(1,000,000)	(1,000,000)
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	0	0
Impairment losses	0	0
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	0	0
Impairment losses	0	0
Contractual right to provide management service by Cixi Honghe to Cixi Hospital	0	0
Impairment losses	0	0



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17 Financial instruments by category

		As at December 31,	
		2021	2020
		RMB'000	US\$'000
<b>Financial assets</b>			
Monetary financial assets		114,794	15,245
Financial assets at fair value through profit or loss		2,111	254
Financial assets at fair value through other comprehensive income		222,802	25,440
Financial assets at amortized cost		440,428	50,000
Financial assets at cost		638	77
Financial liabilities		1,000	120



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18 Trade receivables

		As at December 31,	
		2021	2020
		RMB'000	L '000
Trade receivables		121,533	121,533
Less: Allowance for doubtful accounts	(6,739)	(6,739)	(6,739)
Trade receivables, net		114,794	114,794
Trade receivables		114,536	114,536
Less: Allowance for doubtful accounts	(4,033)	(4,033)	(4,033)
Trade receivables, net		110,503	110,503

		As at December 31,	
		2021	2020
		RMB'000	L '000
Trade receivables		114,536	114,536
Less: Allowance for doubtful accounts	(4,033)	(4,033)	(4,033)
Trade receivables, net		110,503	110,503



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 19 Inventories

		As at December 31,	
		2021	2020
		RMB'000	US\$'000
Raw materials	1,000,000	41,678	5,055
Finished goods	1,000,000	6,355	755
		48,033	5,810
		48,033	5,810

The carrying amount of inventories is based on the lower of cost and net realizable value. Cost is determined on the basis of the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs of sales.

### 20 Other receivables, deposits and prepayments

		As at December 31,	
		2021	2020
		RMB'000	US\$'000
Accounts receivable	1,000,000	7,152	855
Prepayments	1,000,000	3,086	365
Other receivables	1,000,000	521	62
Deposits	1,000,000	475	57
Prepaid expenses	1,000,000	-	-
		1,115	130
		12,349	1,487
		(2,374)	(285)
		9,975	1,202

Other receivables, deposits and prepayments are carried at cost. Other receivables are non-current and are classified as non-current assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21 Balances with related parties

As at December 31, 2021, the Group had receivables from related parties of RMB1,000,000, and payables to related parties of RMB1,000,000.

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
<b>Amounts due from related parties</b>		
Accounts receivable	158,524	50,500
Prepaid expenses	15,932	1,000
Other receivables	343	1,000
Due from related parties	-	1,000
Due from related parties (contingent liability)	80,000	0,000
Due from related parties (contingent liability)	335	1,000
Due from related parties (contingent liability)	9	1,000
Due from related parties (contingent liability)	6	1,000
	-	1,000
	<u>255,149</u>	<u>55,500</u>
Accounts payable	(32,347)	(1,000)
Due to related parties	<u>222,802</u>	<u>54,500</u>
Due to related parties (contingent liability)	-	(1,000)
Due to related parties (contingent liability)	<u>222,802</u>	<u>53,500</u>

(1) As at December 31, 2021, the Group had receivables from related parties of RMB1,000,000, and payables to related parties of RMB1,000,000. As at December 31, 2020, the Group had receivables from related parties of RMB1,000,000, and payables to related parties of RMB1,000,000. The receivables from related parties are primarily due from related parties of the Group, and the payables to related parties are primarily due to related parties of the Group. The receivables from related parties are primarily due from related parties of the Group, and the payables to related parties are primarily due to related parties of the Group. The receivables from related parties are primarily due from related parties of the Group, and the payables to related parties are primarily due to related parties of the Group.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21 Balances with related parties

As at December 31, 2021, the balances with related parties are as follows:

		As at December 31,	
		2021	2020
		RMB'000	L'000
Accounts receivable	19,195	19,195	19,195
Accounts payable	8,713	8,713	8,713
Other receivables	146,891	146,891	146,891
		<u>174,799</u>	<u>174,799</u>

		As at December 31,	
		2021	2020
		RMB'000	L'000
<b>Amounts due to related parties</b>			
Accounts receivable	5,870	5,870	5,870
Accounts payable	5,971	5,971	5,971
Other receivables	1,386	1,386	1,386
Other payables	13	13	13
Prepaid expenses	6	6	6
		<u>13,246</u>	<u>13,246</u>

As at December 31, 2021, the balances with related parties are as follows:





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21 Balances with related parties



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 22 Financial assets at fair value through profit or loss

(ii) Amounts recognised in the consolidated statement of comprehensive income

		Year ended December 31,	
		2021	2020
		RMB'000	US\$'000
Net gain from the fair value changes of financial assets at fair value through profit or loss	m	10,000	1,000
Net gain from the fair value changes of financial assets at fair value through profit or loss	m	5,763	555
Net gain from the fair value changes of financial assets at fair value through profit or loss	m	-	(100)
		<u>5,763</u>	<u>455</u>

(iii) Risk exposure and fair value measurements

		As at December 31,	
		2021	2020
		RMB'000	US\$'000
Term deposits	m	638	63

### 23 Term deposits

		As at December 31,	
		2021	2020
		RMB'000	US\$'000
Term deposits	m	638	63



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 24 Cash and cash equivalents

		As at December 31,	
		2021	2020
		RMB'000	US\$'000
Balance at the beginning of the year		204,490	29,000
Balance at the end of the year		659	90
Change in cash and cash equivalents		100,000	1,000
Change in cash and cash equivalents		135,279	1,000
		<u>440,428</u>	<u>30,000</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 25 Share capital and share premium

	Number of shares	Nominal value of shares HKD
Authorised	<u>500,000,000</u>	<u>500,000</u>
	<b>Number of shares</b>	<b>Share Capital RMB'000</b>
Issued and Paid		<b>Share premium RMB'000</b>
As at January 1, 2020	, 000	5, 0
As at December 31, 2020	<u>, 000</u>	<u>5, 0</u>
As at December 31, 2021	<u><b>138,194,000</b></u>	<u><b>435,304</b></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26 Share-based payments

### (i) Pre-IPO Share Appreciation Rights Scheme

As at December 31, 2021, the fair value of the share appreciation rights scheme is estimated to be RMB 1,000 million, which is included in the consolidated financial statements as a liability. The fair value is determined based on the Black-Scholes model. The fair value of the share appreciation rights scheme is estimated to be RMB 1,000 million as at December 31, 2021, which is included in the consolidated financial statements as a liability. The fair value is determined based on the Black-Scholes model.

The share appreciation rights scheme is a share-based payment arrangement. The fair value of the share appreciation rights scheme is estimated to be RMB 1,000 million as at December 31, 2021, which is included in the consolidated financial statements as a liability. The fair value is determined based on the Black-Scholes model.

The share appreciation rights scheme is a share-based payment arrangement. The fair value of the share appreciation rights scheme is estimated to be RMB 1,000 million as at December 31, 2021, which is included in the consolidated financial statements as a liability. The fair value is determined based on the Black-Scholes model.

	As at December 31, 2021			
	First Batch Share Options	Second Batch Share Options	Third Batch Share Options	Fourth Batch Share Options
Weighted average exercise price (RMB)	27.10%	27.10%	27.10%	27.10%
Weighted average expected volatility	0.00%	0.00%	0.00%	0.00%
Weighted average expected term (months)	20.50	32.50	44.50	56.50
Weighted average expected dividend yield	1.59%	1.59%	1.59%	1.59%
Weighted average expected credit default rate	278,000	278,000	167,000	167,000

The share appreciation rights scheme is a share-based payment arrangement. The fair value of the share appreciation rights scheme is estimated to be RMB 1,000 million as at December 31, 2021, which is included in the consolidated financial statements as a liability. The fair value is determined based on the Black-Scholes model.

The share appreciation rights scheme is a share-based payment arrangement. The fair value of the share appreciation rights scheme is estimated to be RMB 1,000 million as at December 31, 2021, which is included in the consolidated financial statements as a liability. The fair value is determined based on the Black-Scholes model.

The share appreciation rights scheme is a share-based payment arrangement. The fair value of the share appreciation rights scheme is estimated to be RMB 1,000 million as at December 31, 2021, which is included in the consolidated financial statements as a liability. The fair value is determined based on the Black-Scholes model.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26 Share-based payments

#### (i) Pre-IPO Share Appreciation Rights Scheme

On 12 October 2020, the Company adopted a Pre-IPO Share Appreciation Rights Scheme (the "Scheme") for its employees. The Scheme is subject to the approval of the shareholders of the Company.

The Scheme is designed to provide an incentive to the employees of the Company to contribute to the long-term success of the Company. The Scheme is subject to the approval of the shareholders of the Company.

The maximum number of shares that may be granted under the Scheme is 5,000,000. The maximum number of shares that may be granted to any individual employee is 500,000. The maximum number of shares that may be granted to any individual employee is 500,000. The maximum number of shares that may be granted to any individual employee is 500,000.

#### (ii) Service Contract with Mr. Lu Wenzuo

On 12 October 2020, the Company entered into a service contract with Mr. Lu Wenzuo. The service contract is subject to the approval of the shareholders of the Company. The maximum number of shares that may be granted to any individual employee is 500,000.

( )



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26 Share-based payments

### (iii) Share Incentive Scheme

	2019	2018
At the beginning of the year	1,000,000	1,000,000
Granted during the year	1,000,000	1,000,000
Expired during the year	(500,000)	(500,000)
At the end of the year	1,500,000	1,500,000
At the beginning of the year	1,000,000	1,000,000
Granted during the year	1,000,000	1,000,000
Expired during the year	(500,000)	(500,000)
At the end of the year	1,500,000	1,500,000
At the beginning of the year	1,000,000	1,000,000
Granted during the year	1,000,000	1,000,000
Expired during the year	(500,000)	(500,000)
At the end of the year	1,500,000	1,500,000



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26 Share-based payments

#### (iv) Post-IPO Share Appreciation Rights Scheme

As at 31 December 2021, the fair value of the SARs granted to employees under the SAR Scheme is estimated to be HK\$1,000,000. The fair value of SARs granted to employees is determined by using the Black-Scholes model. The fair value of SARs granted to employees is determined by using the Black-Scholes model. The fair value of SARs granted to employees is determined by using the Black-Scholes model.

#### (v) Share Award Scheme

As at 31 December 2021, the fair value of the SARs granted to employees under the SAR Scheme is estimated to be HK\$1,000,000. The fair value of SARs granted to employees is determined by using the Black-Scholes model. The fair value of SARs granted to employees is determined by using the Black-Scholes model. The fair value of SARs granted to employees is determined by using the Black-Scholes model.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 27 Other reserves

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Total RMB'000
At January 1, 2020	5,000	42,781	47,781
Exchange rate differences	(1,000)		(1,000)
Share-based payment	(1,000)		(1,000)
At December 31, 2020	5,000	42,781	47,781
At January 1, 2021	885,330	42,781	928,111
Share-based payment	676	-	676
Share-based payment	(2,150)	-	(2,150)
Share-based payment	-	2,708	2,708
At December 31, 2021	883,856	45,489	929,345

#### (a) Statutory surplus reserve

	2021	2020
Statutory surplus reserve	45,489	42,781
Capital reserve	883,856	5,000
Total	929,345	47,781
Percentage of total	50%	100%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 28 Retained earnings/(accumulated losses)

	RMB'000
At January 1, 2020	(1,044,444)
-	(1,044,444)
At December 31, 2020	<u>(2,088,888)</u>
At January 1, 2021	(283,382)
-	(280,709)
At December 31, 2021	<u>(566,799)</u>

### 29 Trade payables

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Accounts payable	112,350	112,350
Other payables	6,203	6,203
Prepaid expenses	2,581	2,581
Total	<u>124,300</u>	<u>124,300</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30 Borrowings

	As at December 31, 2021			As at December 31, 2020		
	Current RMB'000	Non- current RMB'000	Total RMB'000	Current RMB'000	Non- current RMB'000	Total RMB'000
Bank borrowings	31,018	-	31,018	5,000	-	5,000
Other borrowings	40,000	-	40,000	-	-	-
				5,000	-	5,000



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 31 Accruals, other payables and provisions

	As at December 31,	
	2021	2020
	RMB'000	US\$'000
Accruals	97,236	5,000
Other payables	184,553	10,000
Provisions	239,788	14,000
Less: Current tax	20,000	1,000
Less: Non-current tax	14,513	500
Less: Other	27,469	1,000
Less: Other	9,991	500
Less: Other	5,637	500
	14,036	500
	613,223	35,000
Less: Current tax	(239,788)	(14,000)
Less: Non-current tax	(85,686)	(5,000)
	(330)	(19,000)
	(325,804)	(19,000)
	287,419	16,000



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 32 Employee benefit obligations

#### Post employment benefit plan

	2019	2018
Balance at the beginning of the year	1,000	1,000
Net change during the year	(1,000)	(1,000)
Balance at the end of the year	0	0

#### (a) Balance sheet amounts

	2019	2018
Balance sheet amounts	0	0



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 32 Employee benefit obligations

#### Post employment benefit plan

(c) *The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:*

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
	2021	2021	2021
Discount rate	0.25%	Decrease by 5.32%	Increase by 5.70%
Expected return on plan assets	0.25%	Increase by 8.71%	Decrease by 8.18%
Rate of increase in salaries	0.25%	Increase by 0.25%	Decrease by 0.25%
Duration	+/- 1 year	Increase by 3.94%	Decrease by 4.00%

m

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 32 Employee benefit obligations

#### Post employment benefit plan

##### (e) Defined benefit liability and employer contributions

	At December 31, 2021	At December 31, 2020
Defined benefit liability	141,983	141,983
Employer contributions	141,983	141,983
Total	283,966	283,966

  

	At December 31, 2021	At December 31, 2020
Defined benefit liability	141,983	141,983
Employer contributions	141,983	141,983
Total	283,966	283,966

  

	At December 31, 2021	At December 31, 2020
Defined benefit liability	141,983	141,983
Employer contributions	141,983	141,983
Total	283,966	283,966

  

	At December 31, 2021	At December 31, 2020
Defined benefit liability	141,983	141,983
Employer contributions	141,983	141,983
Total	283,966	283,966

  

	At December 31, 2021	At December 31, 2020
Defined benefit liability	141,983	141,983
Employer contributions	141,983	141,983
Total	283,966	283,966

### 33 Deferred income tax

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Deferred income tax assets	8,087	8,087
Deferred income tax liabilities	(1,197)	(1,197)
Total	9,284	9,284
Deferred income tax assets	(132,853)	(132,853)
Deferred income tax liabilities	(45,888)	(45,888)
Total	(178,741)	(178,741)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 33 Deferred income tax

#### Deferred income tax assets

	Provisions RMB'000	Changes in fair value RMB'000	Donation RMB'000	Total RMB'000
Balance at January 1, 2020	05		5	5
Decrease/(Increase) from exchange rate movements		(5)	( )	(5)
Balance at December 31, 2020	<u>5</u>	<u>(5)</u>	<u>( )</u>	<u>( )</u>
Balance at January 1, 2021	3,418	48	369	3,835





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 33 Deferred income tax

#### Deferred income tax liabilities

	2019	2018
At the beginning of the year, the Company has deferred income tax liabilities of RMB 1,000 million, of which RMB 1,000 million is related to the Company's subsidiaries in the PRC.	1,000	1,000
During the year, the Company has recorded deferred income tax liabilities of RMB 1,000 million, of which RMB 1,000 million is related to the Company's subsidiaries in the PRC.	1,000	-
At the end of the year, the Company has deferred income tax liabilities of RMB 2,000 million, of which RMB 2,000 million is related to the Company's subsidiaries in the PRC.	2,000	1,000



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 Cash generated from operations

#### (i) Cash flow information

	As at December 31,	
	2021	2020
Losses before income tax	(449,102)	(5,000)
Depreciation and amortization	13,345	13,500
Impairment losses	683	(5,000)
Provision for doubtful accounts	1,250	1,500
Provision for employee benefits	26,477	5,000
Provision for contingencies	41,145	10,000
Provision for bad debts	108	10,000
Provision for inventory obsolescence	(12,843)	(5,000)
Provision for property, plant and equipment	-	100
Provision for intangible assets	(5,763)	(,55)
Provision for other receivables	551,981	,
Provision for other payables	142	,
Change in operating assets and liabilities and net of effects from business combination	(14,948)	(,5)
Change in accounts receivable	(13,439)	(,5)
Change in accounts payable	(5,645)	(,0)
Change in other receivables	(26,449)	(,5)
Change in other payables	(5,099)	()
Change in cash and cash equivalents	23,301	,0
Change in prepaid expenses	41,862	,0
Cash generated from operations	<u>167,006</u>	<u>,</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 Cash generated from operations

#### (ii) Net debt reconciliation

	Year ended December 31,	
	2021	2020
	RMB'000	US\$'000
Operating activities	440,428	0,000
Change in non-current assets and liabilities	638	-
Change in current assets and liabilities	338,905	0,000
Change in cash and cash equivalents	(71,018)	(1,500)
Change in cash and cash equivalents	(9,121)	(500)
Change in cash and cash equivalents	(7,376)	(1,000)
Change in cash and cash equivalents	(906,916)	(1,550,000)
Change in cash and cash equivalents	(214,460)	(5,000)
Operating activities	440,428	0,000
Change in non-current assets and liabilities	638	-
Change in current assets and liabilities	338,905	0,000
Change in cash and cash equivalents	(914,292)	(1,000)
Change in cash and cash equivalents	(49,121)	(0,000)
Change in cash and cash equivalents	(31,018)	(500)
Change in cash and cash equivalents	(214,460)	(5,000)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 Cash generated from operations

#### (ii) Net debt reconciliation

	Cash and cash equivalents	Term deposits	Monetary funds with floating rates	Bank borrowings	Lease liabilities	Amount due to related parties (non-trade)	Convertible bonds	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at January 1, 2020	4,000	4,000	5,550	(4,000)	(958)	(5,000)	(4,000)	(13,408)
Change in cash and cash equivalents	(5,000)	(4,000)		0			0	(9,000)
Change in monetary funds with floating rates			5,550					5,550
Change in bank borrowings				(4,000)				(4,000)
Change in lease liabilities					(958)			(958)
Change in amount due to related parties (non-trade)						(5,000)		(5,000)
Change in convertible bonds							(4,000)	(4,000)
Net debt as at December 31, 2020	0	0	0	(4,000)	(958)	(5,000)	(4,000)	(13,958)
Net debt as at January 1, 2021	860,726	-	90,737	(131,695)	(958)	(14,382)	(1,558,245)	(753,817)
Change in cash and cash equivalents	(403,796)	638	21,405	64,715	2,057	112	453,145	138,276
Change in monetary funds with floating rates	-	-	-	-	(15,814)	-	-	(15,814)
Change in bank borrowings	(16,502)	-	-	1,668	-	-	(26,594)	(41,428)
Change in lease liabilities	-	-	5,763	-	-	-	64,909	70,672
Change in amount due to related parties (non-trade)	-	-	221,000	-	2,775	6,968	-	230,743
Change in convertible bonds	-	-	-	(5,706)	(386)	(74)	-	(6,166)
Change in other non-current liabilities	-	-	-	-	3,205	-	159,869	163,074
Net debt as at December 31, 2021	440,428	638	338,905	(71,018)	(9,121)	(7,376)	(906,916)	(214,460)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 37 Contingencies





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 39 Business combination

- (b) -
- (i) -
  - (ii) -
  - (iii) -
  - (iv) -



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 39 Business combination

#### (c) Purchase consideration – cash inflow

	2021 RMB'000
2021	-
2020	44,434
	<u>44,434</u>

### 40 Significant related party transactions

During the reporting period, the Group entered into significant related party transactions with related parties, including the following:

(1) On 2021, the Group entered into a purchase agreement with the Company's subsidiary, HCC, to purchase 100% equity interest of HCC's wholly owned subsidiary, HCC (Shanghai) Medical Equipment Co., Ltd. ("HCCME"). The purchase price is RMB100 million. The purchase agreement was completed on 2021.

(2) On 2021, the Group entered into a purchase agreement with the Company's subsidiary, HCC, to purchase 100% equity interest of HCC's wholly owned subsidiary, HCC (Shanghai) Medical Equipment Co., Ltd. ("HCCME"). The purchase price is RMB100 million. The purchase agreement was completed on 2021.

Name	Relationship with the Group
HCC (Shanghai) Medical Equipment Co., Ltd.	Wholly owned subsidiary of HCC
HCC (Shanghai) Medical Equipment Co., Ltd.*	Wholly owned subsidiary of HCC, which is a wholly owned subsidiary of the Group. The purchase price is RMB100 million.
HCC (Shanghai) Medical Equipment Co., Ltd.	Wholly owned subsidiary of HCC, which is a wholly owned subsidiary of the Group. The purchase price is RMB100 million.
HCC (Shanghai) Medical Equipment Co., Ltd.	Wholly owned subsidiary of HCC, which is a wholly owned subsidiary of the Group. The purchase price is RMB100 million.
HCC (Shanghai) Medical Equipment Co., Ltd.	Wholly owned subsidiary of HCC, which is a wholly owned subsidiary of the Group. The purchase price is RMB100 million.
HCC (Shanghai) Medical Equipment Co., Ltd.	Wholly owned subsidiary of HCC, which is a wholly owned subsidiary of the Group. The purchase price is RMB100 million.
HCC (Shanghai) Medical Equipment Co., Ltd.	Wholly owned subsidiary of HCC, which is a wholly owned subsidiary of the Group. The purchase price is RMB100 million.
HCC (Shanghai) Medical Equipment Co., Ltd.	Wholly owned subsidiary of HCC, which is a wholly owned subsidiary of the Group. The purchase price is RMB100 million.
HCC (Shanghai) Medical Equipment Co., Ltd.	Wholly owned subsidiary of HCC, which is a wholly owned subsidiary of the Group. The purchase price is RMB100 million.
HCC (Shanghai) Medical Equipment Co., Ltd.*	Wholly owned subsidiary of HCC, which is a wholly owned subsidiary of the Group. The purchase price is RMB100 million.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 40 Significant related party transactions

During the year, the Group entered into significant related party transactions with related parties, including the following:

#### (i) Significant transactions with related parties

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
<p>During the year, the Group entered into significant related party transactions with related parties, including the following:</p> <p>1. Significant transactions with related parties</p> <p>During the year, the Group entered into significant related party transactions with related parties, including the following:</p> <p>(a) Significant transactions with related parties</p>	176,927	176,927
	14,812	14,812
	17,453	17,453
	<u>209,192</u>	<u>209,192</u>
	425	425
	544	544
	15,397	15,397
	623	623
	<u>16,989</u>	<u>16,989</u>
	19,501	19,501
	10,042	10,042
	<u>29,543</u>	<u>29,543</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 40 Significant related party transactions

#### (ii) Loans from related parties

	Year ended December 31,	
	2021	2020
	RMB'000	US\$'000
Beginning of the year	14,382	5,000
Loans from related parties	-	1,000
Repayments	(38)	(1,500)
	(6,968)	
End of the year	<u>7,376</u>	<u>4,500</u>

#### (iii) Loans to related parties

	Year ended December 31,	
	2021	2020
	RMB'000	US\$'000
Beginning of the year	80,762	0
Loans to related parties	9	55
Repayments	-	(55,000)
	4,138	1,000
	(4,138)	(5,050)
	(421)	
End of the year	<u>80,350</u>	<u>0</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 42 Balance sheet and reserve movement of the Company

#### Balance sheet of the Company

		As at December 31,	
		2021	2020
		RMB'000	US\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,702,000	1,000,000
<b>Total non-current assets</b>		<b>1,702,000</b>	<b>1,000,000</b>
<b>Current assets</b>			
Accounts receivable		755,401	460,000
Prepaid expenses		195,167	119,568
<b>Total current assets</b>		<b>950,568</b>	<b>579,568</b>
<b>Total assets</b>		<b>2,652,568</b>	<b>1,579,568</b>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		123	123
Reserves		435,304	265,000
Minority interests	( )	842,957	511,568
Share-based payments	( )	(103,012)	(63,568)
<b>Total equity</b>		<b>1,175,372</b>	<b>736,568</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term debt		—	—
Deferred tax liabilities		906,916	556,568
Other non-current liabilities		325,474	200,000
<b>Total non-current liabilities</b>		<b>1,232,390</b>	<b>756,568</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		As at December 31,	
		2021	2020
		RMB'000	US\$'000
<b>Current liabilities</b>			
Accounts payable		71,018	5,000
Accounts receivable		—	—
Other payables		62,584	5,000
Contract liabilities		109,811	10,000
Other current liabilities		1,393	1,000
		244,806	20,000
<b>Total current liabilities</b>			

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 43 Benefits and interests of directors

#### (i) Directors' and chief executive officers' emoluments

The following table shows the emoluments paid or receivables in respect of a person's services as a director, whether of the Company or its subsidiary undertaking.

	Emoluments paid or receivables in respect of a person's services as a director, whether of the Company or its subsidiary undertaking						Total RMB'000
	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Employer's contribution to pension scheme RMB'000	Share- based payments RMB'000	Estimated money value of other benefits RMB'000	
<b>Year ended December 31, 2021</b>							
Executive Directors							
Li Sheng, Chairman (1)	-	-	-	-	-	-	-
Li Sheng	-	419	4,200	-	-	-	4,619
Li Sheng, Li (1)	-	-	-	-	-	-	-
Non-Executive Directors							
Li Sheng, Li (1)	-	-	-	-	-	-	-
Li Sheng	-	-	-	-	-	-	-
Li Sheng, Li (1)	-	-	-	-	-	-	-
Independent Non-Executive Directors							
Li Sheng	150	-	-	-	-	-	150
Li Sheng, Li (1)	150	-	-	-	-	-	150
Li Sheng, Li (1)	150	-	-	-	-	-	150
	<u>450</u>	<u>419</u>	<u>4,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,069</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 43 Benefits and interests of directors

#### (i) Directors' and chief executive officers' emoluments

	2020	2019	2018	2017	2016	2015
	L '000	L '000	L '000	L '000	L '000	L '000
<b>Year ended December 31, 2020</b>						
<b>Salaries and fees</b>						
L. ... (.)						
L. ...		5	,000			,55
L. ... (.)		,5	,000		,0	,5
<b>Director's fees</b>						
L. ... (.)						
L. ... (.)						
L. ... (.)						
L. ...						
L. ...						
L. ... (.)						
<b>Director's emoluments</b>						
L. ...	50					50
L. ...	50					50
L. ... (.)	.5					.5
L. ... (.)						
<b>Total</b>	<u>100.5</u>	<u>5</u>	<u>,000</u>		<u>,0</u>	<u>,55</u>





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 43 Benefits and interests of directors

### (i) Directors' and chief executive officers' emoluments

(1) The aggregate emoluments of the directors and chief executive officers for the year ended 31 December 2017 are as follows:

(2) The aggregate emoluments of the directors and chief executive officers for the year ended 31 December 2016 are as follows:

(3) The aggregate emoluments of the directors and chief executive officers for the year ended 31 December 2015 are as follows:

(4) The aggregate emoluments of the directors and chief executive officers for the year ended 31 December 2014 are as follows:

(5) The aggregate emoluments of the directors and chief executive officers for the year ended 31 December 2013 are as follows:

(6) The aggregate emoluments of the directors and chief executive officers for the year ended 31 December 2012 are as follows:

(7) The aggregate emoluments of the directors and chief executive officers for the year ended 31 December 2011 are as follows:

(8) The aggregate emoluments of the directors and chief executive officers for the year ended 31 December 2010 are as follows:

(9) The aggregate emoluments of the directors and chief executive officers for the year ended 31 December 2009 are as follows:

### (ii) Directors' material interests in transactions, arrangements or contracts

There were no material interests in transactions, arrangements or contracts of the directors and chief executive officers that have or may have a material effect on the financial performance of the Group for the year ended 31 December 2017.