HYGEIA

**Hygeia Healthcare Holdings Co., Limited**
**海吉亚医疗控股有限公司**
*(Incorporated in the Cayman Islands with limited liability)*
**(Stock Code: 6078)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

## FINANCIAL HIGHLIGHTS

Revenue of the Group increased by 29.1% to RMB1,401.8 million for the year ended December 31, 2020 from RMB1,085.8 million for the year ended December 31, 2019.

Gross profit of the Group increased by 45.4% to RMB480.0 million for the year ended December 31, 2020 from RMB330.1 million for the year ended December 31, 2019. The gross profit margin increased to 34.2% for the year ended December 31, 2020 from 30.4% for the year ended December 31, 2019.

Net profit of the Group increased by 345.0% to RMB177.1 million for the year ended December 31, 2020 from RMB39.8 million for the year ended December 31, 2019. The adjusted net profit(1) increased by 84.3% to RMB316.1 million for the year ended December 31, 2020 from RMB171.5 million for the year ended December 31, 2019.

Basic earnings per Share of the Group increased by 171.4% to RMB0.38 for the year ended December 31, 2020 from RMB0.14 for the year ended December 31, 2019.

The Board recommended the payment of final dividend of RMB0.12 per Share (in aggregate amounted to approximately RMB74.2 million) for the year ended December 31, 2020 which is subject to the approval by the Shareholders at the AGM. The final dividend is expected to be payable to the Shareholders on or before July 26, 2021. The dividend will be payable to the Shareholders whose names appear on the register of members of the Company at the close of business on July 7, 2021. The Group is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividend.

## NON-IFRS MEASURES

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Company has provided adjusted net profit and adjusted net profit margin as non-IFRS financial measures, which is not required by, or presented in accordance with, IFRS. The Company believes that the adjusted financial measures provide useful information to investors in understanding and evaluating the Group's consolidated statement of profit or loss in the same manner as they helped the Company's management, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial and operating performance from year to year by eliminating impacts of items that the Group does not consider indicative of the Group's operating performance. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. You should not view the adjusted results on a stand-alone basis or as a substitute for results under IFRS, or as being comparable to results reported or forecasted by other companies as they do not have a standardized meaning. Additionally, these non-IFRS financial measures have limitations as analytical tools and may be defined differently from similar terms used by other companies.

*Note:*

(1) Adjustments to net profit for the years ended December 31, 2020 and December 31, 2019 include: (i) Listing expenses; (ii) impact of the deferral of the redemption date of redeemable Shares; (iii) interest expenses of redeemable Shares; (iv) share-based compensation expenses; and (v) fair value loss for anti-dilution rights given to Mr. Zhu. The above adjustments other than the share-based compensation expenses will no longer have a continuous impact from the next fiscal year.

## SUMMARY OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Year ended December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***(RMB'000)*** | *(RMB'000)* |
| **Revenue** | **1,401,764** | 1,085,826 |
| Cost of revenue | **(921,721)** | (755,706) |
| **Gross profit** | **480,043** | 330,120 |
| Selling expenses | **(13,738)** | (15,419) |
| Administrative expenses | **(152,902)** | (136,272) |
| Other income | **8,410** | 4,895 |
| Other losses-net | **(21,529)** | (9,117) |
| **Operating profit** | **300,284** | 174,207 |
| Finance income | **498** | 629 |
| Finance costs | **(48,170)** | (95,516) |
| Finance costs-net | **(47,672)** | (94,887) |
| **Profit before income tax** | **252,612** | 79,320 |
| Income tax expense | **(75,551)** | (39,553) |
| **Net profit** | **177,061** | 39,767 |
| **Adjusted net profit(1)** | **316,082** | 171,542 |
| **Gross profit margin** | **34.2%** | 30.4% |
| **Adjusted net profit margin(2)** | **22.5%** | 15.8% |

*Notes:*

(1) Adjustments to net profit for the year ended December 31, 2020 include: (i) impact of the deferral of the redemption date of redeemable Shares of approximately RMB57,852,000; (ii) interest expenses of redeemable Shares of approximately RMB48,029,000; (iii) Listing expenses (after tax) of approximately RMB29,068,000; and (iv) share-based compensation expenses of approximately RMB4,072,000. Adjustments to net profit for the year ended December 31, 2019 include: (i) interest expenses of redeemable Shares of approximately RMB89,324,000; (ii) Listing expenses (after tax) of approximately RMB20,311,000; (iii) share-based compensation expenses of approximately RMB10,785,000; and (iv) fair value loss for anti-dilution rights given to Mr. Zhu of approximately RMB11,355,000.

(2) Adjusted net profit margin is calculated based on adjusted net profit divided by revenue.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group has always adhered to the oncology-focused development strategy, and is committed to continuously expanding its business scale through directly operating private for-profit hospitals, operating radiotherapy centers in cooperation with third-party hospitals and managing private not-for-profit hospitals in which the Group holds organizer's interest. As of December 31, 2020, the Group (i) owned and operated 7 private for-profit hospitals; (ii) managed 3 private not-for-profit hospitals; and (iii) provided services to 17 hospital partners for their radiotherapy centers.

The Group adheres to the principle of patient satisfaction first, paying attention to the improvement in its medical service quality and continuously strengthening delicacy management. As compared with last year, there was a continuous increase in the number of patient visits of the Group and a steady rise in the average spending per visit, promoting strong growth in the overall revenue of the Group in 2020 and significant improvement in the operation and management efficiency. For the year ended December 31, 2020, the revenue of the Group was RMB1,401.8 million, representing an increase of 29.1% as compared with last year. Gross profit was RMB480.0 million, representing an increase of 45.4% as compared with last year. The following table sets forth the Group's revenue breakdown by service types for the years indicated:

| | **Year ended December 31,** | | | |
|---|---|---|---|---|
| | **2020** | | 2019 | |
| | ***(RMB'000)*** | ***% of revenue*** | *(RMB'000)* | *% of revenue* |
| **Hospital business** | | | | |
| – Outpatient healthcare services | **373,137** | **26.6** | 264,834 | 24.4 |
| – Inpatient healthcare services | **870,088** | **62.1** | 679,893 | 62.6 |
| Sub-total | **1,243,225** | **88.7** | 944,727 | 87.0 |
| **Third-party radiotherapy business** | | | | |
| – Radiotherapy center consulting services | **50,839** | **3.6** | 46,237 | 4.3 |
| – Radiotherapy equipment licensing | **58,955** | **4.2** | 49,844 | 4.6 |
| – Radiotherapy equipment maintenance services | **41,021** | **2.9** | 31,699 | 2.9 |
| – Radiotherapy equipment sales | **–** | **–** | 7,080 | 0.6 |
| Sub-total | **150,815** | **10.7** | 134,860 | 12.4 |
| **Hospital management business** | **7,724** | **0.6** | 6,239 | 0.6 |
| **Total** | **1,401,764** | **100.0** | 1,085,826 | 100.0 |

**Hospital Business**

For the year ended December 31, 2020, the Group's revenue from hospital business was RMB1,243.2 million, representing an increase of 31.6% over last year, among which revenue from outpatient healthcare services was RMB373.1 million, representing an increase of 40.9% over last year, and revenue from inpatient healthcare services was RMB870.1 million, representing an increase of 28.0% over last year. The brand influence of self-owned hospitals of the Group gradually increased, with continuous enhancement of patient stickiness and increase in patient visits. For the year ended December 31, 2020, the number of inpatient visits was 66,429, representing an increase of 12.2% over last year; the number of outpatient visits was 959,839, representing an increase of 13.4% over last year. The Group is committed to providing patients with high-quality one-stop oncology treatment services, actively expands diagnosis and treatment items and enriches treatment methods, resulting in a continuous increase in average revenue per patient visit. For the year ended December 31, 2020, the average spending per inpatient visit was RMB13,098, representing an increase of 14.0% over last year, and the average spending per outpatient visit was RMB389, representing an increase of 24.3% over last year. As of December 31, 2020, the Group operated or managed a network of 10 oncology-focused hospitals, covering 7 cities in 6 provinces in China.

| | **Year ended December 31,** | |
|---|---|---|
| | **2020** | 2019 |
| **Inpatient healthcare services** | | |
| Number of inpatient visits | **66,429** | 59,197 |
| Average spending per inpatient visit (RMB Yuan) | **13,098** | 11,485 |
| **Outpatient healthcare services** | | |
| Number of outpatient visits | **959,839** | 846,374 |
| Average spending per outpatient visit (RMB Yuan) | **389** | 313 |

**Third-party Radiotherapy Business**

The Group has adhered to the strategy of exploring cooperation opportunities for providing Radiotherapy Center Services in selected new markets and gradually expanding the Group's radiotherapy center network. For the year ended December 31, 2020, the Group's revenue from third-party radiotherapy business was RMB150.8 million, representing an increase of 11.8% over last year.

The Group provides Radiotherapy Center Services to 17 hospital partners (including hospitals in which the Group holds organizer's interest) in 9 provinces in China. As of December 31, 2020, the Group has signed radiotherapy center cooperation agreements with 26 third-party hospital partners located in 14 provinces in China. After the opening of these newly signed radiotherapy centers, the number of radiotherapy centers in the Group's radiotherapy center network will increase to 43. The Group believes that it will further increase the Group's revenue from third-party radiotherapy business and expand the Group's radiotherapy center network.

**Hospital Management Business**

The Group manages, operates and receives management fees from 3 private not-for-profit hospitals in which the Group holds organizer's interest.

According to the hospital management agreements, the Group has the right to charge management fees calculated at a fixed percentage of revenue of the Managed Hospitals for a period of 40 years. For the year ended December 31, 2020, the revenue from hospital management business was RMB7.7 million, representing an increase of 24.2% compared with last year.

**Oncology-related Business**

The Group regards the development of the oncology business as its core strategy. The Group mainly focuses on developing business in non-first-tier cities and is committed to providing oncology patients with one-stop comprehensive treatment services. The oncology-related services of the Group comprise: (i) provision of multi-disciplinary oncology healthcare services in the Group's self-owned hospitals, including services covering the whole life cycle of oncology patients such as radiotherapy, surgery, chemotherapy, immunotherapy, targeted therapy, tumor screening and genetic testing, oncology rehabilitation, nutrition and hospice care; and (ii) services under the third-party radiotherapy business, including providing radiotherapy center consulting and technical services, licensing of the proprietary SRT equipment and provision of maintenance and technical support services in relation to the proprietary SRT equipment.

For the year ended December 31, 2020, the overall revenue of the Group from oncology business increased continuously by 32.8% from RMB500.9 million for the year ended December 31, 2019 to RMB665.4 million for the year ended December 31, 2020, and accounted for 47.5% of the consolidated revenue of the Group. Among the oncology-related services, revenue from radiotherapy-related businesses was RMB280.1 million, representing an increase of 18.9% over last year, and revenue from other oncology healthcare businesses was RMB385.3 million, representing an increase of 45.2% over last year.

The following table sets forth the revenue from oncology and non-oncology businesses of the Group for the years indicated:

| | Year ended December 31, | | | |
|---|---|---|---|---|
| | **2020** | | 2019 | |
| | ***(RMB'000)*** | ***% of total revenue*** | *(RMB'000)* | *% of total revenue* |
| **Radiotherapy-related businesses** | | | | |
| Radiotherapy treatment business provided by self-owned hospitals | **129,248** | **9.2** | 100,731 | 9.3 |
| Third-party radiotherapy business | **150,815** | **10.8** | 134,860 | 12.4 |
| **Sub-total** | **280,063** | **20.0** | 235,591 | 21.7 |
| **Other oncology healthcare services** | **385,296** | **27.5** | 265,320 | 24.4 |
| **Sub-total revenue from oncology business** | **665,359** | **47.5** | 500,911 | 46.1 |
| **Revenue from non-oncology business** | **736,405** | **52.5** | 584,915 | 53.9 |
| **Total revenue** | **1,401,764** | **100.0** | 1,085,826 | 100.0 |

## Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of gross profit and gross profit margin of the Group by service types for the years indicated:

| | Year ended December 31, | | | |
|---|---|---|---|---|
| | **2020** | | 2019 | |
| | **Gross profit** | **Gross profit margin** | Gross profit | Gross profit margin |
| | ***(RMB'000)*** | | *(RMB'000)* | |
| Hospital business | **378,300** | **30.4%** | 238,754 | 25.3% |
| Third-party radiotherapy business | **96,083** | **63.7%** | 87,064 | 64.6% |
| Hospital management business | **5,660** | **73.3%** | 4,302 | 69.0% |
| **Total** | **480,043** | **34.2%** | 330,120 | 30.4% |

For the year ended December 31, 2020, the gross profit of hospital business was RMB378.3 million, the gross profit margin was 30.4%, and the gross profit margin of the Group increased by 3.8% to 34.2% from 30.4% for the year ended December 31, 2019. The Group believes that with the expansion of the hospital business network, the gradual revenue growth will further dilute relevant costs, thus increasing the gross profit margin.

**Business Development**

1. ***Upgrading the service capabilities and treatment methods of the Group's existing in-network hospitals***

   In 2020, Chongqing Hygeia Hospital rapidly increased its patient visits by expanding its technical means and brand influence. This hospital was additionally equipped with two high-end radiotherapy equipment and one PET-CT to further meet the increasing demands of oncology patients; the phase two project of Chongqing Hygeia Hospital commenced in the second half of 2020, with the GFA of approximately 72,000 square meters and 800 to 1,000 beds as planned. Upon the completion of this phase two project, Chongqing Hygeia Hospital can provide services to more oncology patients.

   Shanxian Hygeia Hospital newly introduced the world's top scientific research-level Philips 256-slice spiral CT and Philips 3.0T fully-digital MRI equipment. This hospital launched new projects including without limitation aneurysm clipping and stereotactic brainstem biopsy. Shanxian Hygeia Hospital has also successively established a national chest pain center and a provincial stroke center to improve the ability to treat critically ill patients, thus significantly improving its technical connotation, further strengthening the brand advantages in the region and better serving patients.

   Suzhou Canglang Hospital has newly established the department of digestive endoscopy, and newly introduced the world's advanced Japanese Olympus electronic gastrointestinal endoscopy system, on the basis of the original endoscopic equipment. This system is capable of helping doctors identify lesions more accurately and quickly and perform microscopic minimally invasive surgery, thus improving the diagnostic rate of early-stage cancer and precancerous lesion of the digestive tract as well as the treatment of digestive tumors.

   Longyan Boai Hospital has established an intraday infusion center for targeted therapeutic drugs against cancers and immunotherapeutic drugs (PD-1), which provides more humanized services for patients. The patients may return home for rehabilitation during the treatment break, which reduces the psychological pressure and economic burden arising out of long-term hospitalization and contributes to the disease remission and rehabilitation of patients.

   Heze Hygeia Hospital has made efforts to carry out early-stage cancer screening, especially pulmonary nodule screening, in Heze, so as to facilitate early identification, diagnosis and treatment of diseases for patients, thus improving the treatment effect and prolonging the life of patients. Heze Hygeia Hospital has also established a medical treatment alliance with the Affiliated Hospital of Jining Medical University (濟寧醫學院附屬醫院) and Jining No.1 People's Hospital (濟寧市第一人民醫院), so as to strengthen the deep cooperation in major departments and improve the overall academic level of the hospitals.

Chengwu Hygeia Hospital has developed 17 new technologies including radical mastectomy, thoracic and abdominal centesis and catheterization, in oncology, radiotherapy, oncology rehabilitation and other departments, recorded an increase of over 300% in the oncology-related revenue as compared with last year, and built a good reputation among the residents.

2. ***Expanding the medical service network of the Group through endogenous growth***

In June 2020, the Liaocheng Hygeia Hospital project commenced, with the GFA of approximately 87,000 square meters and 800 beds as planned for the phase one. Liaocheng Hygeia Hospital is expected to commence operation at the beginning of 2022, which will further expand the oncology service coverage of the Group and increase its revenue.

In June 2020, the Group and relevant authorities in Wuxi City, Jiangsu Province signed a hospital project investment intention agreement and began preparations for the construction of the hospital, which will be a Class III hospital as planned, with the GFA of approximately 45,000 square meters and 400 beds as planned for phase one, and is expected to commence operation by the end of 2023. This initiative is symbolic meaning for the Group to further expand the oncology service market in the Yangtze River Delta region, and plays an important role in increasing the influence of the oncology service brand of the Group in the Yangtze River Delta region, further increasing the revenue of the Group from oncology services and expanding the Group's share in the oncology service market.

In November 2020, the acquisition of the land of approximately 80 mu by auction for Dezhou Hygeia Hospital was announced, and the land acquisition agreement was signed. Dezhou Hygeia Hospital will be a Class III hospital as planned, with the GFA of approximately 45,000 square meters and 400 beds as planned for phase one, and is expected to commence operation by the end of 2022. The commencement of operation of Dezhou Hygeia Hospital after completion of the construction will further strengthen the Group's market share and regional advantages in Shandong Province, further expanding its coverage over the surrounding areas, and lay a solid foundation for the establishment of a three-tier hospital network in Shandong Province.

For the year ended December 31, 2020, the Group opened 4 new third-party radiotherapy centers, and had 2 centers under preparation (i.e. installation and commissioning), which are expected to officially commence operation in the second quarter of 2021. The Group will continue to broaden its radiotherapy center network to expand the scale of radiotherapy business.

**Medical quality**

Medical quality is the focus of the Group. The quality control committee of the Group consists of sub-committees, including the medical committee, the nursing committee, the nosocomial infection control committee, the medical record committee, and the complaint and dispute handling group. The perfect quality control and standardized services support the operation of each hospital of the Group. The Group actively implements the core system of medical quality and safety, carries out the whole-process quality control and supervision for clinical departments, and gives feedback and notice, and carries out assessment for problems identified in a timely manner.

The Group always puts patient satisfaction first, conducts quarterly satisfaction assessment on its in-network hospitals, and hears the feedback and opinions from patients, so as to further improve the quality of medical services and provide more humanized services for patients.

**Team of medical professionals**

As of December 31, 2020, the Group had a total of 2,560 medical professionals, representing an increase of 403 compared to December 31, 2019, and including a total of 299 chief physicians and associate-chief physicians, representing an increase of 111 compared to December 31, 2019. The self-owned hospitals of the Group had 226 full-time oncology-related experts, representing an increase of 71 compared to December 31, 2019. The experts are specialized in the treatment of respiratory system tumors (including lung cancer, laryngeal cancer, etc.), digestive system tumors (including gastric cancer, colorectal cancer, etc.), reproductive system tumors (including gynecologic tumor, prostate tumor, etc.), nervous system tumors, endocrine system tumors, urinary system tumors, hematologic tumors and head and neck tumors, etc. The Group will continue to identify and recruit experienced medical professionals.

The Group is committed to implementing the service philosophy of "make healthcare services more accessible and affordable (讓醫療更溫暖)". The Group further improves its talent training system and performance evaluation mechanism through the establishment of Hygeia College (海吉亞學院) (virtual). Hygeia College consists of the dean, the academic committee and the office of academic affairs, and has three groups, namely professional study group, management training group and external training group. The establishment of Hygeia College will further optimize the growth and learning environment for employees, build a multi-level talent team for the Group, and lay a solid foundation for the continuous development and training of inter-disciplinary talents with medical expertise, thus continuously creating long-term value for Shareholders.

**Academic and scientific research**

As a medical service provider featured with oncology business, the Group also made efforts in the academic and scientific research fields in 2020:

Chongqing Hygeia Hospital and/or its medical professionals, as one of the participants, secured one National Natural Science Foundation Project (國家自然科學基金項目) and one National Key Research and Development Project (國家重點研發計劃) of 11 ministries and commissions under the State Council; published/jointly published 3 SCI papers, 5 international papers, and 32 papers in domestic core journals; won the first prize for industry-academia-research innovation achievement in Chongqing and 1 national utility model invention patent; has established a laboratory with the expert who was listed on the national Thousand Talents Plan (千人計劃) (also serves as the chief scientist of the national Project 973 (973項目)), and the expert from Chongqing Hundred Talents Plan (重慶市百人計劃).

Shanxian Hygeia Hospital and/or its medical professionals obtained a total of 16 national utility model invention patents, and published 44 papers, including 6 SCI papers and 33 papers in domestic core journals. Heze Hygeia Hospital and/or its medical professionals obtained a total of 7 national utility model invention patents, and published 8 papers, including 3 papers in domestic core journals; Longyan Boai Hospital and/or its medical professionals published a total of 16 papers, including 1 paper in a domestic core journal and 7 provincial papers; Suzhou Canglang Hospital and/or its medical professionals published a total of 2 papers, including 1 SCI paper, and 1 paper in a domestic core journal.

The Group serves the patients better by continuously improving its scientific research capabilities.

**Social responsibility and honor**

In January 2021, Chongqing Hygeia Hospital won the model award for the specialty development in hygiene and health sector under the "13th Five-year Plan" in Chongqing, and the honorary title of "Organization Caring for the Disabled (愛心助殘單位)" in 2020 granted by Chongqing Welfare Foundation for Disabled Persons (重慶市殘廢人福利基金會), and was listed as a designated foreign-related hospital in Chongqing. The construction of phase two project of Chongqing Hygeia Hospital is included in the "14th Five-Year Plan" of the Administration of High-tech Industrial Development Zone of Chongqing (重慶高新技術產業開發區管理委員會).

In active response to the call of the state for targeted poverty alleviation, Shanxian Hygeia Hospital provided assistance to more than 410 poor families in 7 administrative villages in Shanxian, and performed free surgical treatment for poor patients in urgent needs of treatment, which was praised by the government and the masses.

Longyan Boai Hospital has become a training center of China Maternal and Child Health Association (中國婦幼保健協會) for breast cancer screening, prevention and treatment, as well as an organization for development of standardized diagnosis and treatment of cancer pains under the "Spark Plan (星火計劃)" of Fujian Anti-cancer Association, and worked with the Women's Federation of Longyan (龍岩市婦聯) to carry out free "thyroid and breast cancer" screening for 30 thousand people and the public benefit project of assistance to thousands people (萬人救助計劃公益項目).

In July 2020, Suzhou Canglang Hospital won the honor of Advanced Medical Insurance Designated Hospital in Suzhou Industrial Park (directly under the provincial government) (蘇州工業園區(省級直屬)醫療保險先進定點醫院) for the third year in a row. Moreover, Suzhou Canglang Hospital was recognized as the "Enterprise with Harmonious Labor Relations in Suzhou (蘇州市勞動關係和諧企業)" in 2020.

Anqiu Hygeia Hospital was recognized as the Anqiu Excellent Medical Institution (安丘市優秀社會辦醫機構); Chengwu Hygeia Hospital won the honor of "Advanced Organization in Professional Moral Construction in Heze (菏澤市職工職業道德建設先進單位榮譽)".

The above honors represent the recognition by the government and the public of the performance of social responsibilities and other work of the Group and its in-network hospitals.

**Impact of COVID-19 pandemic and fight against the outbreak**

The COVID-19 pandemic has a significant impact on China and the global market. All in-network hospitals of the Group also faced huge challenges and pressures after the COVID-19 outbreak. Nevertheless, the staff of the Group and in-network hospitals acted as one instead of flinching from the outbreak. The Group always adhered to the service philosophy of "make healthcare services more accessible and affordable (讓醫療更溫暖)", and the principle of patient satisfaction first. They worked together to fight adversity, and tided over the difficulties with patients tenaciously. In terms of the results of operations for the year ended December 31, 2020, the Group fully achieved its annual operating targets, with rapid growth of 29.1% in revenue and a strong increase of 84.3% in adjusted net profit.

In response to the COVID-19 pandemic, the Group, as a professional medical service provider which serves oncology patients, implemented the following epidemic prevention measures:

1) The Group warned all colleagues that the more difficult the circumstance is, the more they should adhere to the service philosophy of "make healthcare services more accessible and affordable (讓醫療更溫暖)", and should not give up or flinch from the difficulty; they should persist in putting patient satisfaction first, and serve the patients wholeheartedly;

2) Many in-network hospitals of the Group actively provided online consulting, diagnosis and treatment services, and actively offered more convenient and considerate psychological counseling and treatment services to the patients;

3) The Group complied with the safety and prevention guidelines on COVID-19 issued by local medical administrative authorities and strictly implemented epidemic prevention and control measures; and inspected the implementation of epidemic prevention control measures by in-network hospitals from time to time, so as to ensure the strict appropriate implementation of the measures;

4) Capitalizing on the resource allocation advantages of its supply chain, the Group overcame difficulties including traffic interruption, and made its best efforts to purchase enough epidemic prevention materials (such as masks, gloves, protective clothing, disinfectant etc.), so as to protect the material supply for medical staff and patients as far as possible;

5) Relevant medical professionals of in-network hospitals upheld the humanitarian spirit, and actively supported the epidemic prevention work in major affected areas, and returned to the hospitals safely after a victory over the pandemic;

6) As of December 31, 2020, many in-network hospitals of the Group passed the acceptance inspection for PCR laboratories, and actively provided various testing services including nucleic acid test, to support the resumption of production and work for the people.

## BUSINESS PROSPECTS

The demand for cancer medical services in the Chinese market is gradually increasing. According to Frost & Sullivan's analysis, the revenue of the entire cancer medical service market will reach RMB700 billion in 2025 at a CAGR of approximately 11.5% from 2020 to 2025. Radiotherapy, as one of the three important means of treating malignant tumors, has a penetration rate in China (23%) that lags far behind the western countries (60%). According to the information published in foreign journals, approximately 60% to 70% of patients with malignant tumors shall receive radiotherapy treatment. By offering services that are able to treat any type of condition requiring radiotherapy and leveraging the Group's market leadership and the established brand awareness, the Group believes that it is well positioned to capture the significant opportunities in this underserved market.

Looking into the future, the Group expects to:

(1) continue to put patient satisfaction first, and provide one-stop medical services covering the whole life cycle of oncology patients by continuously improving the medical service standard, introducing frontier technology and equipment, training and introducing professional teams, and ensuring the quality of medical services; continue to actively undertake public benefit projects of the government (such as "cervical and breast cancer screening (兩癌篩查)"), provide diagnosis on a volunteer basis in grass-roots units, care for the vulnerable, further enhance brand awareness through performing social responsibilities, and implement the philosophy of "make healthcare services more accessible and affordable (讓醫療更溫暖)";

(2) further strengthen academic construction, actively participate in various national, provincial and municipal scientific research projects, enhance the cooperation with colleges and universities in talent and academic fields, encourage academic research and the publication of papers, so as to promote the joint development of industry, academia and research; actively promote Hygeia College, build a multi-level talent team for the Group, and continuously develop and train inter-disciplinary talents with medical expertise, thus continuously creating long-term value for Shareholders;

(3) capitalize on its advantages in the oncology industry, continue to rapidly increase its revenue through both endogenous and exogenous growth, and expand the operation network of the Group in China:

    (i) to actively promote the preparation and construction of self-established hospitals, increase the reserve of self-established hospitals, and promote the phase two construction projects of the existing hospitals, so as to satisfy the growing demand of local patients;

    (ii) to actively identify high-quality merger and acquisition targets, promote the project process and continuously strengthen the consolidation capacities in the industry;

    (iii) to promote the agreements for and the commencement of operation of radiotherapy centers, and enhance the brand influence;

(4) further comply with various regulatory requirements of the industry and strengthen standardized operation, including implementing the core system of medical quality and safety, supervising medical quality and safety, ensuring medical safety and increasing brand credibility; and further enhance the compliance awareness at the hospital level and strictly comply with regulations on prescription and medical insurance reimbursement;

(5) continuously expand its business scale to develop the advantage of scale through rapid development; and continuously strengthen delicacy management to further improve its management efficiency;

(6) continue strengthening the standardized management of the Company and the communication with regulatory authorities, including the Stock Exchange and various professional institutions, so as to further improve the comprehensive corporate governance.

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, the Group's revenue was generated primarily from (i) operating private for-profit hospitals; (ii) operating radiotherapy centers and other third-party radiotherapy business; and (iii) managing private not-for-profit hospitals in which the Group holds organizer's interest.

The Group's revenue increased by 29.1% to RMB1,401.8 million for the year ended December 31, 2020 from RMB1,085.8 million for the year ended December 31, 2019.

***Hospital Business***

The Group's revenue from hospital business increased by 31.6% to RMB1,243.2 million for the year ended December 31, 2020 from RMB944.7 million for the year ended December 31, 2019. The increase in the revenue was attributable to the continuous increases in the patient stickiness and patient visits as a result of the increase in the brand influence of self-owned hospitals of the Group. For the year ended December 31, 2020, the number of inpatient visits was 66,429, representing an increase of 12.2% compared with last year, and the number of outpatient visits was 959,839, representing an increase of 13.4% compared with last year. The Group has actively expanded diagnosis and treatment items and enriched treatment methods, resulting in a continuous increase in average revenue per patient visit. For the year ended December 31, 2020, the average spending per inpatient visit was RMB13,098, representing an increase of 14.0% over last year, and the average spending per outpatient visit was RMB389, representing an increase of 24.3% over last year.

***Third-party Radiotherapy Business***

The Group's revenue from third-party radiotherapy business increased by 11.8% to RMB150.8 million for the year ended December 31, 2020 from RMB134.9 million for the year ended December 31, 2019, mainly due to a year-on-year increase of 15.3% in average spending per visit in relation to third-party radiotherapy business.

*Hospital Management Business*

The Group's revenue from hospital management business increased by 24.2% to RMB7.7 million for the year ended December 31, 2020 from RMB6.2 million for the year ended December 31, 2019.

**Cost of Revenue**

During the Reporting Period, the Group's cost of revenue primarily consisted of cost of pharmaceuticals, consumables and other inventories, employee benefits expenses, Radiotherapy Center Services fees, depreciation and amortization and other related expenses.

The Group's cost of revenue increased by 22.0% to RMB921.7 million for the year ended December 31, 2020 from RMB755.7 million for the year ended December 31, 2019, primarily due to the increase in the scale of revenue and the increase in direct costs as a result of the increase of business volume, including increase in cost of pharmaceuticals, consumables and other inventories of RMB75.4 million compared with that of last year, increase in employee benefits expenses of RMB62.4 million compared with that of last year, and increase in the service costs of radiotherapy centers of RMB8.6 million compared with that of last year.

**Gross Profit and Gross Profit Margin**

The Group's gross profit increased by 45.4% to RMB480.0 million for the year ended December 31, 2020 from RMB330.1 million for the year ended December 31, 2019.

The Group's gross profit margin increased to 34.2% for the year ended December 31, 2020 from 30.4% for the year ended December 31, 2019. The increase in gross profit margin was mainly due to the rapid expansion of revenue scale of hospital business and the full manifestation of the dilution of costs and expenses. At the same time, the Group's brand influence and academic competence featured with oncology continued to be improved, and the revenue structure was further optimized.

**Selling Expenses**

During the Reporting Period, the Group's selling expenses primarily consisted of consultancy and professional service fees, marketing and promotion expenses, as well as employee benefits expenses. The Group's selling expenses decreased by 11.0% to RMB13.7 million for the year ended December 31, 2020 from RMB15.4 million for the year ended December 31, 2019, primarily because no new hospital was opened for the year ended December 31, 2020, and thus no more advertising expense was incurred.

**Administrative Expenses**

During the Reporting Period, the Group's administrative expenses primarily consisted of employee benefits expenses, depreciation and amortization, travelling expenses, office expenses, utilities expenses, Listing expenses and other expenses.

The Group's administrative expenses increased by 12.2% to RMB152.9 million for the year ended December 31, 2020 from RMB136.3 million for the year ended December 31, 2019, primarily due to the increase in Listing expenses of RMB12.0 million.

**Other Income**

During the Reporting Period, the Group's other income primarily consisted of government grants, while government grants were primarily comprised of (i) grants that are related directly to expense items and recognized when received in its consolidated statement of comprehensive income; and (ii) grants that are related to assets and are recognized as deferred revenue when received in its consolidated statement of financial position, which are subsequently released to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the assets.

The Group's other income increased by 71.4% to RMB8.4 million for the year ended December 31, 2020 from RMB4.9 million for the year ended December 31, 2019, primarily due to the increase in income from government grants of RMB3.5 million.

**Other Losses – Net**

During the Reporting Period, the Group's other losses – net primarily consisted of loss arising from deferral of the redemption date of redeemable Shares, loss from disposal of fixed assets, wealth management and structured deposit products income and fair value loss for anti-dilution rights given to Mr. Zhu. Other losses – net increased by 136.3% to RMB21.5 million for the year ended December 31, 2020 from RMB9.1 million for the year ended December 31, 2019, primarily because the Group entered into a redemption date deferral agreement in February 2020, resulting in a loss of RMB57.9 million (the redeemable Shares had been converted into ordinary Shares on the Listing Date; and these expenses were one-off expenses and would not affect the net profits of the Group for subsequent years), which is partially offset by an increase of RMB37.9 million in wealth management and structured deposit products income and a decrease of RMB11.4 million in fair value loss for anti-dilution rights given to Mr. Zhu.

**Finance Income and Costs**

During the Reporting Period, the Group's finance income consisted of interest income on its bank savings. Finance income decreased to RMB0.5 million for the year ended December 31, 2020 from RMB0.6 million for the year ended December 31, 2019.

The Group's finance costs were mainly comprised of its interest expenses on bank borrowings, interest expenses on lease liabilities and interest expenses on redeemable Shares. The Group's finance costs decreased by 49.5% to RMB48.2 million for the year ended December 31, 2020 from RMB95.5 million for the year ended December 31, 2019. There was a decrease of RMB41.3 million in interest expenses of redeemable Shares (the redeemable Shares had been converted into ordinary Shares on the Listing Date. The interest expenses of redeemable Shares were one-off expenses and would not affect the net profits of the Group for subsequent years) and a decrease of RMB6.0 million in interest expenses on bank borrowings.

**Income Tax Expense**

The Group's income tax expense increased by 90.9% to RMB75.6 million for the year ended December 31, 2020 from RMB39.6 million for the year ended December 31, 2019, primarily due to the increase of RMB164.2 million in profits before tax after deduction of adjustment items that are not deductible for tax purposes, such as Listing expenses, effect of deferral of the redemption date of redeemable Shares and interest expenses of redeemable Shares.

**Net Profit and Adjusted Net Profit**

As a result of the foregoing, the Group's net profit increased by 345.0% to RMB177.1 million for the year ended December 31, 2020 from RMB39.8 million for the year ended December 31, 2019. The Group's net profit margin increased to 12.6% for the year ended December 31, 2020 from 3.7% for the year ended December 31, 2019. The Group defined adjusted net profit as profit and total comprehensive income for the period adjusted for items which are non-recurring or extraordinary, including share-based compensation expenses, interest expenses of redeemable Shares, expenses in relation to the Listing, effect of deferral of the redemption date of redeemable Shares and fair value loss for anti-dilution rights given to Mr. Zhu. The Group's adjusted net profit increased by 84.3% to RMB316.1 million for the year ended December 31, 2020 from RMB171.5 million for the year ended December 31, 2019.

**Liquidity and Capital Resources**

The Group's business operations and expansion plans require a significant amount of capital, including upgrading the existing in-network hospitals, establishing and acquiring new hospitals and other working capital requirements. Historically, the Group financed its capital expenditures and working capital requirements mainly through cash generated from operations, bank borrowings and capital contributions from Shareholders. As of December 31, 2020, the Group had cash and cash equivalents of RMB385.1 million.

***Operating Activities***

The Group derived its cash inflow from operating activities primarily through provision of healthcare service, hospital management services and third-party radiotherapy services. Cash outflow from operating activities was primarily comprised of payments for procurement of pharmaceuticals and medical consumables, employee benefits expenses, and other operating expenses.

The Group's net cash generated from operating activities increased by 29.5% to RMB296.1 million for the year ended December 31, 2020 from RMB228.6 million for the year ended December 31, 2019, primarily attributable to the increase in the overall revenue of the Group.

***Investing Activities***

The Group's cash used in investing activities mainly reflected cash used in payments for purchases of property, plant and equipment and payments for financial assets at fair value through profit or loss. The Group's cash generated from investing activities was mainly comprised of proceeds from disposal of financial assets at fair value through profit or loss.

The Group's net cash used in investing activities increased to RMB2,477.6 million for the year ended December 31, 2020 from RMB135.0 million for the year ended December 31, 2019, primarily attributable to the purchase of wealth management products and structured deposit products whose balance was RMB2,196.9 million as of December 31, 2020.

*Financing Activities*

During the Reporting Period, cash inflow from financing activities was mainly comprised of proceeds from the Listing and over-allotment. Cash outflow from the Group's financing activities was mainly comprised of payment of Listing expenses and dividends.

The Group's net cash generated from financing activities increased to RMB2,174.5 million for the year ended December 31, 2020 from RMB104.6 million for the year ended December 31, 2019, primarily due to the receipt of the proceeds from the Listing of RMB2,024.3 million by the Group on June 29, 2020 and the proceeds of RMB298.7 million from over-allotment on July 22, 2020.

**Material Acquisitions and Disposals**

For the year ended December 31, 2020, the Group did not make material acquisitions or disposals of subsidiaries, associates and joint ventures.

**Capital Expenditures**

During the Reporting Period, the Group's capital expenditures were primarily consisted of expenditures on (i) property, plant and equipment, mainly comprising construction in progress and medical equipment; and (ii) intangible assets. The Group's capital expenditures increased by 103.6% to RMB325.2 million for the year ended December 31, 2020 from RMB159.7 million for the year ended December 31, 2019, which was primarily attributable to the payment of land and architectural decoration costs of RMB127.5 million for the construction of Liaocheng Hygeia Hospital and the land costs of RMB60.2 million for Dezhou Hygeia Hospital for the year ended December 31, 2020.

**Financial Position**

***Total Assets and Total Liabilities***

As of December 31, 2020, the Group's total assets mainly consisted of cash and cash equivalents, financial assets at fair value through profit or loss, trade, other receivables and prepayments, fixed assets and intangible assets. The Group's total assets increased by 112.4% to RMB4,701.3 million as of December 31, 2020 from RMB2,213.2 million as of December 31, 2019, primarily due to the receipt of proceeds from the Listing of RMB2,024.3 million by the Group on June 29, 2020 and the proceeds of RMB298.7 million from over-allotment on July 22, 2020, amounting to RMB2,323.0 million in total.

As of December 31, 2020, the Group's total liabilities mainly consisted of trade and other payables, current income tax liabilities, deferred income tax liabilities and deferred revenue. The Group's total liabilities decreased by 85.1% to RMB359.9 million as of December 31, 2020 from RMB2,415.8 million as of December 31, 2019, which was primarily because the redeemable Shares, which had been converted into ordinary Shares on the Listing Date, decreased by RMB2,030.1 million.

### *Inventories*

During the Reporting Period, the Group's inventories mainly consisted of pharmaceuticals, medical consumables and spare parts. The Group's inventories increased by 8.5% to RMB51.0 million as of December 31, 2020 from RMB47.0 million as of December 31, 2019, primarily due to the increase in the safety stock as a result of revenue growth.

### *Trade, Other Receivables and Prepayments*

The Group's trade receivables mainly represented the balances due from the patients and public medical insurance programs for healthcare services provided by its self-owned hospitals, hospital partners for its Radiotherapy Center Services and other licensees of its proprietary SRT equipment. The balance of the Group's trade receivables increased by 27.3% to RMB256.0 million as of December 31, 2020 from RMB201.1 million as of December 31, 2019, primarily due to the increase in balance of medical insurance receivables of RMB31.1 million as a result of the increase in revenue.

The Group's other receivables mainly represented deposits receivables. The Group's other receivables increased by 13.6% to RMB11.7 million as of December 31, 2020 from RMB10.3 million as of December 31, 2019.

The Group's prepayments for current assets mainly include prepayments to suppliers and prepayments for listing related expenses. The Group's prepayments for current assets decreased by 35.3% to RMB8.8 million as of December 31, 2020 from RMB13.6 million as of December 31, 2019.

The Group's prepayments for property, plant and equipment represent prepaid construction fees to contractors which undertook the construction work of the Group's self-owned hospitals as well as prepayments for purchase of medical equipment. The Group's prepayments for property, plant and equipment decreased by 2.7% to RMB17.9 million as of December 31, 2020 from RMB18.4 million as of December 31, 2019.

### *Intangible Assets*

The Group's intangible assets were primarily comprised of goodwill, software, contractual rights to provide management services, and medical licenses. The Group's intangible assets decreased by 0.7% to RMB382.9 million as of December 31, 2020 from RMB385.7 million as of December 31, 2019, primarily due to the gradual decrease in net intangible assets as a result of an increase in accumulated amortization amounts.

### *Trade and Other Payables*

Trade payables primarily represented outstanding amounts due to the Group's suppliers of pharmaceuticals and medical consumables as well as the Group's providers of Radiotherapy Center Services. The Group's trade payables decreased by 0.3% to RMB118.5 million as of December 31, 2020 from RMB118.8 million as of December 31, 2019.

The Group's other payables primarily represented salaries payables, other taxes payables and construction projects payables. The Group's other payables decreased by 17.3% to RMB118.8 million as of December 31, 2020 from RMB143.7 million as of December 31, 2019, primarily due to the payment in 2020 of pre-Listing dividends of RMB41.9 million recorded in 2019.

**Pledge of Assets**

The Group had no pledged asset as of December 31, 2020.

**Contract Liabilities**

The Group's contract liabilities represented advance payments from the Group's customers while the underlying services have not been provided. The Group's contract liabilities increased by 16.2% to RMB11.5 million as of December 31, 2020 from RMB9.9 million as of December 31, 2019.

**Capital Commitments**

Capital commitments that were contracted but not provided for primarily represented commitments arising out of a contractual relationship where the relevant property, plant and equipment or intangible assets were not provided as of the relevant dates. The Group's capital commitments as of December 31, 2020 were primarily related to commitments for (i) the construction and renovation of its in-network hospitals; (ii) purchases of large equipment; and (iii) purchases of cobalt-60 source. The Group's capital commitments increased by 495.0% to RMB214.2 million as of December 31, 2020 from RMB36.0 million as of December 31, 2019, mainly because there were capital commitments of RMB174.4 million in relation to the commencement of construction of Liaocheng Hygeia Hospital in the first half of 2020, but there were no capital commitments in 2019.

**Contingent Liabilities**

As of December 31, 2020, the Group did not have any outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities.

**Financial Instruments**

The financial instruments of the Group mainly consisted of cash and cash equivalents, amounts due from related parties, trade and other receivables excluding non-financial assets, financial assets at fair value through profit or loss, trade and other payables excluding non-financial liabilities, lease liabilities and amounts due to related parties.

**Future Plan for Material Investments and Capital Assets**

Save as disclosed in this announcement and the Prospectus of the Company, for the year ended December 31, 2020, the Group did not have any future plan for material investments and capital assets.

**Borrowings and Gearing Ratio**

The Group had no outstanding borrowings as of December 31, 2020.

On the basis of total borrowings divided by total equity and multiplied by 100%, the gearing ratio of the Group as of December 31, 2020 was nil.

**Foreign Exchange Risk**

The Group has no significant foreign currency risk as all of its operations, assets and liabilities are dominated in RMB which is also its functional currency.

**Interest Rate Risk**

The Group's interest rate risk arises from interest-bearing borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group currently does not use any interest rate swap contracts or other financial instruments to hedge against interest rate exposure.

**Credit Risk**

The Group's credit risk is primarily attributable to trade and other receivables, amounts due from related parties, financial asset at fair value through profit or loss and cash deposits at banks. The maximum exposure to credit risk is represented by the carrying amounts of these financial assets in the consolidated statement of financial position. Management of the Group has put in place a credit policy and the exposure to these credit risks is monitored on an on-going basis.

To manage the Group's credit risk arising from financial asset at fair value through profit or loss and cash deposits, the Group only transacts with state-owned financial institutions in the PRC and reputable international financial institutions. There has been no recent history of default in relation to these financial institutions.

For hospital business, the Group, being a healthcare service provider, has a highly diversified customer base, without any single customer contributing material revenue. However, the Group has a relatively concentrated debtor's portfolio, as majority patients settle their medical fees through public medical insurance programs, and the reimbursement from which may take one to 12 months. The Group has policies in place to ensure the medical services it provided are in line with the requirements of public medical insurance programs and it closely monitors the status of overdue payment to ensure timely collection. For trade receivables of the Group's third-party radiotherapy business and hospital management business, the Group generally grants credit terms of up to 90 days and follow up actively on the settlement with relevant customers to avoid overdue receivables.

For other receivables and amounts due from related parties, the Group's management makes periodic collective assessments as well as individual assessment on the recoverability based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and amounts due from related parties as the Group closely monitors their repayment.

**Liquidity Risk**

The Group manages liquidity risk by closely and continuously monitoring its financial position. The Group aims to maintain adequate cash and cash equivalents to meet its liquidity requirements.

## FINAL DIVIDENDS

The Board recommended the payment of final dividend of RMB0.12 per Share (in aggregate amounted to approximately RMB74.2 million) for the year ended December 31, 2020 which is subject to the approval by the Shareholders at the AGM. The final dividend is expected to be payable to the Shareholders on or before July 26, 2021. The dividend will be payable to the Shareholders whose names appear on the register of members of the Company at the close of business on July 7, 2021. The Group is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividend.

## EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2020, the Group had 2,989 full-time employees, among which 52 were employees at the headquarters level and 2,937 were employees of self-owned hospitals. The following table shows a breakdown of the employees by function as of that date:

| Functions | Number of Employees | % of Total Employees |
|---|---|---|
| **Headquarters level** | | |
| Management | 5 | 0.2 |
| Operations | 12 | 0.4 |
| Manufacturing | 17 | 0.5 |
| Administrative and others | 18 | 0.6 |
| **Sub-total** | **52** | **1.7** |
| **Self-owned hospitals** | | |
| Physicians | 726 | 24.3 |
| Other medical professionals | 1,452 | 48.6 |
| Management, administrative and others | 759 | 25.4 |
| **Sub-total** | **2,937** | **98.3** |
| **Total** | **2,989** | **100.0** |

In addition, as of December 31, 2020, the Group's Managed Hospitals in operation had an aggregate of 356 full-time employees, including 70 physicians, 141 other medical professionals and 145 management, administrative and other personnel.

For the year ended December 31, 2020, total staff remuneration expenses including Directors' remuneration amounted to RMB407.8 million (fiscal year of 2019: RMB347.2 million). Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice. On top of salary payments, other employee benefits primarily include social insurance and housing provident contributions made by the Group, performance-based compensation and discretionary bonus.

The Group believes it has maintained good relationships with its employees. Employees of its in-network hospitals are not represented by a labor union. As of the date of this announcement, the Group did not experience any strikes or any labor disputes with its employees which have had or are likely to have a material effect on its business.

The employees of the Group typically enter into standard employment contracts with the Group. Each in-network hospital independently recruits and enters into employment contracts with its own employees.

The Group provides both in-house and external trainings for its employees to improve their skills and knowledge. Remuneration packages for the employees of the Group mainly comprise base salary and performance-related bonus. The Group sets performance targets for its employees primarily based on their position and department and periodically reviews their performance. The results of such reviews are used in their salary determinations, bonus awards and promotion appraisals. During the Reporting Period, the Group contributed to social insurance and housing provident funds for its employees in accordance with applicable PRC laws, rules and regulations.

## USE OF PROCEEDS FROM GLOBAL OFFERING

The Company issued 120,000,000 ordinary Shares at HK$18.50 which were listed on the Main Board of the Stock Exchange on June 29, 2020 and issued 18,000,000 ordinary Shares at HK$18.50 upon the full exercise of the over-allotment option. The nominal value of the ordinary Shares is US$0.00001 per Share.

The net proceeds from the global offering received by the Company, after deduction of the underwriting fees and commissions and other expenses payable by the Company in connection with the global offering, amounted to approximately HK$2,391.9 million, which will be utilized in accordance with the purposes as set out in the Prospectus. The net price to the Company (which was calculated by dividing the net proceeds by the number of Shares issued in connection with the initial public offering of Shares of the Company) was approximately HK$17.3 per Share. The following table sets out the intended use of the net proceeds, actual usage up to December 31, 2020 as well as the expected timeline for utilisation:

| | **Percentage of the net proceeds from the global offering** | **Net proceeds from the Global Offering and utilisation** | | | **Expected timeline for full utilisation(1)** |
|---|---|---|---|---|---|
| | | **Amount available for utilization** | **Amount utilized** | **Remaining amount** | |
| | | *HK$ in million* | *HK$ in million* | *HK$ in million* | |
| Upgrading Shanxian Hygeia Hospital, Chongqing Hygeia Hospital and Chengwu Hygeia Hospital, all of which are the Group's self-owned for-profit hospitals, and establishing new hospitals in Liaocheng, Dezhou, Suzhou and Longyan | 60% | 1,435.1 | 148.2 | 1,286.9 | June 2024 |
| Acquiring hospitals, when appropriate opportunities arise, in new markets which has sizable population and relatively high level of demand for oncology healthcare services | 30% | 717.6 | – | 717.6 | June 2024 |
| Upgrading information technology systems | 5% | 119.6 | 3.7 | 115.9 | June 2024 |
| Working capital and other general corporate purposes | 5% | 119.6 | 119.6 | – | N/A |
| **Total** | **100%** | **2,391.9** | **271.5** | **2,120.4** | |

*Note:*

(1) The expected timeline for the usage of the remaining proceeds is made based on the best estimate of the Group's future market conditions, which is subject to the current and future development of the market conditions.

During the period from the Listing Date to December 31, 2020, the Group has utilized net proceeds of HK$271.5 million from the global offering. The remaining net proceeds were allocated and used in accordance with the intends as set out in the Prospectus as of December 31, 2020. The Group will gradually utilize the proceeds from the global offering in accordance with the intended purposes.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions under the CG Code for the period from the Listing Date to December 31, 2020 (except as disclosed below).

Code provision A.1.1 of the CG Code provides that board meetings should be held at least four times a year at approximately quarterly intervals. As the Company was only listed on the Stock Exchange on June 29, 2020, three Board meetings were held for the period from the Listing Date to December 31, 2020.

Code provision A.2.7 of the CG Code provides that the Chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. As the Company was only listed on the Stock Exchange on June 29, 2020, the Chairman did not hold any meeting with the independent non-executive Directors from the Listing Date to December 31, 2020.

Code provision C.3.3 of the CG Code provides that the audit committee should liaise with the board and senior management and the audit committee must meet, at least twice a year, with the issuer's auditor. As the Company was only listed on the Stock Exchange on June 29, 2020, one Audit Committee meeting was held for the period from the Listing Date to December 31, 2020.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors, senior management members, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the period from the Listing Date to December 31, 2020. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management members or relevant employees of the Group for the period from the Listing Date to December 31, 2020.

## PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Since the Listing Date and up to December 31, 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the requirements under the Listing Rules. The Audit Committee consists of two independent non-executive Directors and one non-executive Director, being Mr. Ye Changqing (chairman of the Audit Committee), Mr. Liu Yanqun and Mr. Fang Min. The main duties of the Audit Committee are to assist the Board in reviewing compliance, accounting policies and financial reporting procedures; supervising the implementation of the internal audit system; advising on the appointment or replacement of external auditors; and liaising between the internal audit department and external auditors.

The Audit Committee has, together with the management and auditor of the Company, reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2020, and has recommended for the Board's approval thereof.

## SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended December 31, 2020 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2020. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## SUBSEQUENT EVENTS

On January 25, 2021, the Company entered into a non-legally binding letter of intent with a potential vendor, pursuant to which the Company and/or its designated subsidiaries will conditionally acquire and the potential vendor will conditionally sell its 99% equity interest in a private for-profit Class III general hospital located in a prefecture-level city of the south China region. For further details, please refer to the announcement of the Company dated January 25, 2021.

## ANNUAL GENERAL MEETING

The AGM of the Company will be held on June 28, 2021. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from June 23, 2021 to June 28, 2021, both days inclusive. During such period, no transfer of Shares of the Company will be registered. The record date for determining the eligibility to attend the forthcoming AGM to be held on June 28, 2021 will be June 28, 2021. In order to be eligible for attending the AGM, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on June 22, 2021.

## PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hygeia-group.com.cn), and the 2020 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

The board of directors (the "**Board**") of Hygeia Healthcare Holdings Co., Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020, with the comparative figures for the year ended 31 December 2019.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | Year ended December 31, | |
|---|---|---|---|
| | *Notes* | **2020** | 2019 |
| | | ***RMB'000*** | *RMB'000* |
| Revenue | *3* | **1,401,764** | 1,085,826 |
| Cost of revenue | *6* | **(921,721)** | (755,706) |
| **Gross profit** | | **480,043** | 330,120 |
| Selling expenses | *6* | **(13,738)** | (15,419) |
| Administrative expenses | *6* | **(152,902)** | (136,272) |
| Other income | *4* | **8,410** | 4,895 |
| Other losses – net | *5* | **(21,529)** | (9,117) |
| *– Other losses – effect of deferral of the redemption date of redeemable shares* | | **(57,852)** | – |
| *– Other gains/(losses) – others* | | **36,323** | (9,117) |
| **Operating profit** | | **300,284** | 174,207 |
| Finance income | *7* | **498** | 629 |
| Finance costs | *7* | **(48,170)** | (95,516) |
| *– Finance costs – interest expenses of redeemable shares* | | **(48,029)** | (89,324) |
| *– Finance costs – others* | | **(141)** | (6,192) |
| Finance costs – net | | **(47,672)** | (94,887) |
| **Profit before income tax** | | **252,612** | 79,320 |
| Income tax expense | *8* | **(75,551)** | (39,553) |
| **Profit and total comprehensive income for the year** | | **177,061** | 39,767 |
| **Profit and total comprehensive income attributable to** | | | |
| – Owners of the Company | | **170,085** | 39,767 |
| – Non-controlling interests | | **6,976** | – |
| **Earnings per share (expressed in RMB per share)** | | | |
| – Basic earnings per share (in RMB) | *9* | **0.38** | 0.14 |
| – Diluted earnings per share (in RMB) | *9* | **0.38** | 0.14 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | *Notes* | As at December 31, **2020** *RMB'000* | 2019 *RMB'000* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **1,365,850** | 1,122,461 |
| Intangible assets | | **382,940** | 385,706 |
| Prepayments for non-current assets | *10* | **17,885** | 18,420 |
| Deferred income tax assets | | **12,289** | 18,072 |
| **Total non-current assets** | | **1,778,964** | 1,544,659 |
| **Current assets** | | | |
| Inventories | | **50,957** | 47,016 |
| Trade, other receivables and prepayments | *10* | **276,530** | 224,936 |
| Amounts due from related parties | | **12,824** | 3,169 |
| Financial assets at fair value through profit or loss | | **2,196,926** | – |
| Cash and cash equivalents | *11* | **385,104** | 393,409 |
| **Total current assets** | | **2,922,341** | 668,530 |
| **Total assets** | | **4,701,305** | 2,213,189 |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital and premium | *12* | **7,123,502** | 2,731,464 |
| Shares held for employee share scheme | | **–*** | –* |
| Other reserves | | **(2,747,909)** | (2,680,702) |
| Accumulated losses | | **(107,826)** | (253,368) |
| | | **4,267,767** | (202,606) |
| **Non-controlling interests** | | **73,610** | – |
| **Total equity/(deficits)** | | **4,341,377** | (202,606) |

* The balance represents an amount less than RMB1,000.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at December 31, | |
|---|---|---|---|
| | *Notes* | **2020** | 2019 |
| | | ***RMB'000*** | *RMB'000* |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **43,599** | 32,668 |
| Deferred revenue | | **26,690** | 28,314 |
| Lease liabilities | | **807** | 1,307 |
| Redeemable shares | | **–** | 631,674 |
| Other non-current liabilities | | **7,880** | 7,651 |
| **Total non-current liabilities** | | **78,976** | 701,614 |
| **Current liabilities** | | | |
| Trade and other payables | *13* | **237,268** | 262,474 |
| Amounts due to related parties | | **–** | 16,678 |
| Contract liabilities | | **11,456** | 9,882 |
| Current income tax liabilities | | **30,551** | 25,454 |
| Lease liabilities | | **1,677** | 1,297 |
| Redeemable shares | | **–** | 1,398,396 |
| **Total current liabilities** | | **280,952** | 1,714,181 |
| **Total liabilities** | | **359,928** | 2,415,795 |
| **Total equity/(deficits) and liabilities** | | **4,701,305** | 2,213,189 |

## NOTES

### 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on September 12, 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the following businesses in the People's Republic of China (the "**PRC**").

(i) Provision of healthcare services (the "**Hospital Business**") through self-owned private for-profit hospitals which are variable interest entities owned by the Group by undertaking a group reorganization;

(ii) (a) Provision of radiotherapy center consulting services;

(b) Licensing of radiotherapy equipment for use in the radiotherapy centers; and

(c) Provision of maintenance and technical support services in relation to radiotherapy equipment (the "**Radiotherapy Business**")

(iii) Provision of management services to private not-for-profit hospitals (the "**Hospital Management Business**")

The Businesses are controlled by Mr. Zhu Yiwen (朱義文, "**Mr. Zhu**").

The Company completed its IPO and listed its shares on Main Board of the Stock Exchange of Hong Kong Limited ("**HKSE**") (the "**Listing**")on June 29, 2020.

The Group underwent a series of group reorganization ("**Reorganization**") from September 2018 through June 2019 in preparation for the Listing and details of which have been set out in the Accountant's Report.

The consolidated financial information is presented in Renminbi ("**RMB**") and rounded to nearest thousand yuan, unless otherwise stated.

### 2 BASIS OF PREPARATION

#### (i) Compliance with International Financial Reporting Standards ("IFRS") and Hong Kong Companies Ordinance Cap.622 ("HKCO")

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRS and the disclosure requirements of the HKCO.

#### (ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (financial assets at "**FVPL**") which are carried at fair value.

**(iii) Amendments to IFRSs effective for the financial year beginning on or after January 1, 2020 but do not have a material impact on the Group**

| | | Effective for annual periods beginning on or after |
|---|---|---|
| IFRS 3 (amendments) | Definition of a business | January 1, 2020 |
| Amendments to IAS 1 and IAS 8 | Definition of material | January 1, 2020 |
| IFRS 9, IAS 39 and IFRS 7 (amendments) | Interest Rate Benchmark Reform | January 1, 2020 |
| Conceptual framework for financial reporting 2018 | Revised conceptual framework for financial reporting | January 1, 2020 |
| Amendments to IFRS 16 | COVID-19-related rent concession | June 1, 2020 |

**(iv) New standards and interpretations not yet been adopted**

| | | Effective for annual periods beginning on or after |
|---|---|---|
| Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 | Interest Rate Benchmark Reform – Phase 2 | January 1, 2021 |
| Amendments to IFRS 3 | Reference to the conceptual framework | January 1, 2022 |
| Amendments to IAS 37 | Onerous Contracts – Cost of fulfilling a contract | January 1, 2022 |
| Amendments to IAS 16 | Property, Plant and Equipment-Proceeds before Intended Use | January 1, 2022 |
| Annual improvements project | Annual improvements 2018-2020 cycle | January 1, 2022 |
| Amendments to IAS 1 | Classification of liabilities as current or non-current | January 1, 2023 |
| IFRS 17 | Insurance contracts | January 1, 2023 |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies | January 1, 2023 |
| Amendments to IAS 8 | Definition of Accounting Estimates | January 1, 2023 |
| Amendments to IFRS 10 and IAS 28 | Sale or contribution of assets between an investor and its associate or joint venture | To be determined |

The Group has already commenced an assessment of the impact of these new or revised standards, and amendments. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

## 3 SEGMENT INFORMATION AND REVENUE

### (a) Description of segments and principal activities

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Hospital Business
- Radiotherapy Business
- Hospital Management Business

The CODM assesses the performance of the operating segments mainly based on segment revenues, segment cost of sales, gross profit, and operating profit/(loss). Interest expenses of redeemable shares and income tax expense are not allocated to individual operating segments. The CODM assess the performance of each segment based on a measure of segment profit primarily. Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Assets and liabilities are regularly reviewed on a consolidated basis.

The revenues from external customers reported to CODM are measured as segment revenues, which are the revenues derived from customers of each segment.

| | Year ended December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Hospital Business | Radiotherapy Business | Hospital Management Business | Unallocated | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue | 1,243,225 | 150,815 | 7,724 | – | 1,401,764 |
| Cost of revenue | (864,925) | (54,732) | (2,064) | – | (921,721) |
| **Gross profit** | 378,300 | 96,083 | 5,660 | – | 480,043 |
| Selling expenses | (13,738) | – | – | – | (13,738) |
| Administrative expenses | (82,745) | (16,094) | – | (54,063) | (152,902) |
| Other income | 3,257 | 91 | – | 5,062 | 8,410 |
| Other losses – net | (3,724) | (1,440) | – | (16,365) | (21,529) |
| **Segment profit/(loss)** | 281,350 | 78,640 | 5,660 | (65,366) | 300,284 |
| Finance income | | | | | 498 |
| Finance costs | | | | | (48,170) |
| **Finance costs – net** | | | | | (47,672) |
| **Profit before income tax** | | | | | 252,612 |

| | Year ended December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | **Hospital Business** | **Radiotherapy Business** | **Hospital Management Business** | **Unallocated** | **Total** |
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** |
| **As at December 31, 2020** | | | | | |
| **Assets** | | | | | |
| Segment Assets | **1,695,370** | **438,307** | **50,382** | **2,204,619** | **4,388,678** |
| Goodwill | **300,338** | **–** | **–** | **–** | **300,338** |
| Deferred income tax assets | | | | | **12,289** |
| **Total Assets** | | | | | **4,701,305** |
| **Liabilities** | | | | | |
| Segment Liabilities | **235,949** | **45,702** | **–** | **34,678** | **316,329** |
| Deferred income tax liabilities | | | | | **43,599** |
| **Total Liabilities** | | | | | **359,928** |
| **Other segment information** | | | | | |
| Depreciation of property, plant, and equipment | **60,238** | **9,943** | **–** | **1,943** | **72,124** |
| Amortization of intangible assets | **3,610** | **–** | **1,575** | **231** | **5,416** |
| Additions of non-current assets except for goodwill and deferred income tax assets | **300,554** | **12,978** | **–** | **3,724** | **317,256** |

| | Year ended December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Hospital Business | Radiotherapy Business | Hospital Management Business | Unallocated | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue | 944,727 | 134,860 | 6,239 | – | 1,085,826 |
| Cost of revenue | (705,973) | (47,796) | (1,937) | – | (755,706) |
| **Gross profit** | 238,754 | 87,064 | 4,302 | – | 330,120 |
| Selling expenses | (15,419) | – | – | – | (15,419) |
| Administrative expenses | (76,567) | (12,268) | – | (47,437) | (136,272) |
| Other income | 2,204 | – | – | 2,691 | 4,895 |
| Other losses – net | (4,978) | (2,727) | – | (1,412) | (9,117) |
| **Segment profit/(loss)** | 143,994 | 72,069 | 4,302 | (46,158) | 174,207 |
| Finance income | | | | | 629 |
| Finance costs | | | | | (95,516) |
| **Finance costs – net** | | | | | (94,887) |
| **Profit before income tax** | | | | | 79,320 |

| | Year ended December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Hospital Business | Radiotherapy Business | Hospital Management Business | Unallocated | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2019** | | | | | |
| **Assets** | | | | | |
| Segment Assets | 1,391,537 | 260,410 | 55,127 | 187,705 | 1,894,779 |
| Goodwill | 300,338 | – | – | – | 300,338 |
| Deferred income tax assets | | | | | 18,072 |
| **Total Assets** | | | | | 2,213,189 |
| **Liabilities** | | | | | |
| Segment Liabilities | 220,083 | 61,626 | 4,737 | 2,096,681 | 2,383,127 |
| Deferred income tax liabilities | | | | | 32,668 |
| **Total Liabilities** | | | | | 2,415,795 |
| **Other segment information** | | | | | |
| Depreciation of property, plant, and equipment | 56,584 | 8,849 | – | 1,703 | 67,136 |
| Amortization of intangible assets | 2,522 | – | 1,576 | 48 | 4,146 |
| Additions of non-current assets except for goodwill and deferred income tax assets | 129,103 | 7,834 | – | 6,249 | 143,186 |

**(b) Revenue by business line and nature:**

| | **Year ended December 31,** | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| **Hospital Business** | | |
| – Outpatient services | **373,137** | 264,834 |
| – Inpatient services | **870,088** | 679,893 |
| **Radiotherapy Business** | | |
| – Radiotherapy center consulting service | **50,839** | 46,237 |
| – Radiotherapy equipment licensing | **58,955** | 49,844 |
| – Radiotherapy equipment maintenance service | **41,021** | 31,699 |
| – Radiotherapy equipment sales | **–** | 7,080 |
| **Hospital Management Business** | | |
| – Hospital management services | **7,724** | 6,239 |
| **Total revenue** | **1,401,764** | 1,085,826 |
| **Including revenue from contracts with customers** | **1,342,809** | 1,035,982 |

The Group derives revenue from the transfer of goods and services over time and at a point in time as follows:

| | Year ended December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| – Inpatient services | **62,329** | 47,747 |
| – Radiotherapy center consulting service | **50,839** | 46,237 |
| – Radiotherapy equipment maintenance service | **28,786** | 24,286 |
| – Hospital management services | **7,724** | 6,239 |
| **Over time** | **149,678** | 124,509 |
| – Inpatient services | **807,759** | 632,146 |
| – Outpatient services | **373,137** | 264,834 |
| – Radiotherapy equipment maintenance service | **12,235** | 7,413 |
| – Radiotherapy equipment sales | **–** | 7,080 |
| **At a point in time** | **1,193,131** | 911,473 |
| **Revenue from contracts with customers** | **1,342,809** | 1,035,982 |

**(c) Geographical information**

The Company is domiciled in the Cayman Islands while the Group's non-current assets and revenues are substantially located in and derived from the PRC, therefore, no geographical segments are presented.

**(d) Information about major customers**

All the revenues derived from single external customers were less than 10% of the Group's total revenues for the year end December 31, 2020 and 2019.

## 4 OTHER INCOME

| | Year ended December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| Government grants (a) | **7,575** | 4,073 |
| Others | **835** | 822 |
| | **8,410** | 4,895 |

(a) The government grants include those grants from the local government in recognition of the contribution of the Group to local economy's development and those asset-related subsidies credited to the consolidated statement of comprehensive income on a straight-line basis over the expected useful lives of the related assets.

## 5 OTHER LOSSES – NET

| | Year ended December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| Effect of deferral of the redemption date of redeemable shares | **(57,852)** | – |
| Realised and unrealised gains on financial assets at FVPL | **43,108** | 5,217 |
| Losses on disposal of property, plant and equipment | **(1,779)** | (2,937) |
| Surcharge for tax overdue payment | **–** | (3,231) |
| Net foreign exchange (losses)/gains | **(1,324)** | 4,656 |
| Fair value loss for anti-dilution rights given to Mr. Zhu | **–** | (11,355) |
| Others | **(3,682)** | (1,467) |
| | **(21,529)** | (9,117) |

## 6 EXPENSES BY NATURE

| | Year ended December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| Employee benefits expenses | **407,752** | 347,248 |
| Cost of pharmaceutical, consumables and other inventories | **342,461** | 267,031 |
| Radiotherapy service fees | **70,632** | 62,049 |
| Consultancy and professional service fees | **61,265** | 53,945 |
| Marketing and promotion | **4,642** | 4,165 |
| Depreciation and amortization | **77,540** | 71,282 |
| Utilities, cleaning and afforestation expenses | **24,044** | 26,085 |
| Travelling, entertainment, vehicle and office expenses | **21,116** | 23,540 |
| Repair and maintenance | **8,085** | 5,753 |
| Rental expenses | **3,354** | 2,070 |
| Taxation expenses | **6,122** | 4,972 |
| Auditor's remuneration | | |
| – Audit | **4,350** | 70 |
| – Non-audit | **300** | – |
| Expenses in relation to the Listing | **32,267** | 20,311 |
| Other expenses | **24,431** | 18,876 |
| | **1,088,361** | 907,397 |

## 7 FINANCE COSTS – NET

| | Year ended December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| **Finance income:** | | |
| Interest income of bank savings | **498** | 629 |
| **Finance costs:** | | |
| Interest expense on borrowings | **–** | (6,001) |
| Interest expense on leasing liabilities | **(141)** | (191) |
| Interest expense of redeemable shares | **(48,029)** | (89,324) |
| | **(48,170)** | (95,516) |
| **Finance costs – net** | **(47,672)** | (94,887) |

## 8 INCOME TAX EXPENSE

### (a) Income tax expense

| | Year ended December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| Current income tax | | |
| – PRC corporate income tax | **58,837** | 42,298 |
| Deferred income tax | **16,714** | (2,745) |
| | **75,551** | 39,553 |

The Group's principal applicable taxes and tax rates are as follows:

***Cayman Islands***

Under the prevailing laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, no Cayman Islands withholding tax is payable on dividend payments by the Company to its shareholders.

***British Virgin Islands***

The Group's entity incorporated in the British Virgin Islands are not subject to tax on income or capital gains.

***Hong Kong***

The Group's entity incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5%.

***PRC corporate income tax ("CIT")***

CIT was made on the estimated assessable profits of the entities within the Group incorporated in the PRC and was calculated in accordance with the relevant tax rules and regulations of the PRC after considering the available tax refunds and allowances. The general CIT rate is 25%.

The Company's subsidiary, Chongqing Hygeia Cancer Hospital Co., Ltd. ("**Chongqing Hygeia Hospital**") was established in Chongqing. Pursuant to the relevant laws and regulations, Chongqing Hygeia Hospital is subject to a tax concession rate of 15% from 2018 to 2020.

The Company's subsidiary, Shanghai Gamma Star Technology Development Co., Ltd, was approved as high and new technology enterprises under the relevant tax rules and regulations of the PRC, and accordingly, is subjected to a reduced preferential CIT rate of 15% for the years ended December 31, 2020 and 2019.

**(b) Numerical reconciliation of income tax expense**

| | Year ended December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| Profit before income tax | **252,612** | 79,320 |
| Tax calculated at applicable statutory tax rate of 25% | **63,153** | 19,830 |
| Effect of different tax rates (i) | **9,787** | 5,561 |
| Items not deductible for tax purposes (ii) | **3,842** | 15,377 |
| Additional deduction on research and development expenses | **(1,231)** | (1,215) |
| | **75,551** | 39,553 |

***(i) Effect of different tax rates***

Effect of different tax rates during the year ended December 31, 2020 was mainly due to the effect of deferral of the redemption date of redeemable shares (Note 5) and the relevant interest expenses on redeemable shares (Note 7) which were recorded in the Company while the Company's tax rate is zero.

***(ii) Items not deductible for tax purposes***

Items not deductible for tax purposes during the year ended December 31, 2020 was mainly due to the share-based compensation expense recorded in Gamma Star Medical Technology Development (Shanghai) Co., Ltd ("**Gamma Star**"). And in addition to the item above, there is also the interest expenses on redeemable shares (Note 7) recorded in Gamma Star (before the reorganization completed on June 3, 2019) which was not tax deductible during the year ended December 31, 2019.

## 9 EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of outstanding shares in issue during the years ended December 31, 2020 and 2019.

The weighted average number of ordinary shares has been retrospectively adjusted for the effect of the issue of shares in connection with the reorganization completed on 3 June, 2019 and the share subdivision on September 18, 2019 whereby each ordinary share was subdivided into 10 ordinary shares (Note 12). Redeemable shares that are contingently returnable are not treated as outstanding and are excluded from the calculation of basic earnings per share.

Capitalization Issue (Note 12(a)) of 462,758,440 ordinary shares was effective on June 29, 2020, the date that the Company was listed on the Main Board of HKSE. Accordingly, the weighted average number of ordinary shares in issue have been adjusted retrospectively as if it was effective from the date of the beginning.

| | Year ended December 31, | |
|---|---|---|
| | **2020** | 2019 |
| Profit attributable to owners of the Company (RMB'000) | **170,085** | 39,767 |
| Weighted average number of shares in issue | **446,620,837** | 276,907,464 |
| Basic earnings per share (in RMB) | **0.38** | 0.14 |

### (b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Only for the year ended December 31, 2019, the Company had one round of redeemable shares. As the inclusion of interest expenses on redeemable shares would increase the profit for the year ended December 31, 2019 and 2020, those redeemable shares were not included in the calculation of the diluted earnings per share as their inclusion would be anti-dilutive.

| | Year ended December 31, | |
|---|---|---|
| | **2020** | 2019 |
| Profit attributable to owners of the Company (RMB'000) | **170,085** | 39,767 |
| Adjustments for the dilution effect of a subsidiary's restricted share scheme (RMB'000) | **–** | (1,059) |
| Diluted profit attributable to owners of the Company (RMB'000) | **170,085** | 38,708 |
| Weighted average number of shares in issue | **446,620,837** | 276,907,464 |
| Adjustments for restricted share scheme | **2,845,912** | 3,662,770 |
| Weighted average number of shares for calculating diluted earnings per share | **449,466,749** | 280,570,234 |
| Diluted earnings per share (in RMB) | **0.38** | 0.14 |

## 10 TRADE, OTHER RECEIVABLES AND PREPAYMENTS

| | As at December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| **Included in current assets** | | |
| Trade receivables | **256,012** | 201,078 |
| Other receivables | | |
| – Deposits receivables | **5,547** | 6,150 |
| – Others | **6,128** | 4,109 |
| | **11,675** | 10,259 |
| Prepayments to suppliers | **8,843** | 6,641 |
| Prepayments for other taxes | **–** | 609 |
| Prepayment for listing related expenses | **–** | 6,349 |
| | **8,843** | 13,599 |
| | **276,530** | 224,936 |
| **Included in non-current assets** | | |
| Prepayments for property, plant and equipment | **17,885** | 18,420 |
| | **294,415** | 243,356 |

The following is an ageing analysis of trade receivables presented based on invoice date:

| | As at December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| Within 90 days | **177,974** | 123,251 |
| 91 to 180 days | **45,545** | 42,788 |
| 181 to 365 days | **29,478** | 33,371 |
| 1 to 2 years | **2,393** | 1,668 |
| 2 to 3 years | **622** | – |
| | **256,012** | 201,078 |

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9.

The Group's trade receivables were denominated in RMB.

## 11 CASH AND CASH EQUIVALENTS

| | As at December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| Cash at bank and in hand | **385,104** | 393,409 |
| | **385,104** | 393,409 |

Cash and deposits were denominated in the following currencies:

| | As at December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| RMB | **384,184** | 373,046 |
| USD | **882** | 19,376 |
| HKD | **38** | 987 |
| | **385,104** | 393,409 |

## 12 SHARE CAPITAL AND SHARE PREMIUM

| | Number of shares | Nominal value of shares | Equivalent nominal value of shares | Share premium |
|---|---|---|---|---|
| | | *USD* | *RMB'000* | *RMB'000* |
| Authorised: | | | | |
| Ordinary shares of USD0.0001 each | | | | |
| January 1, 2019 | 500,000,000 | 50,000 | – | – |
| Share subdivision on September 18, 2019 | 4,500,000,000 | – | – | – |
| As at December 31, 2020 | 5,000,000,000 | 50,000 | – | – |
| Issued and fully paid: | | | | |
| Issuance of ordinary shares on January 1, 2019 | 1,005,971 | 100.6 | – | – |
| Issuance of ordinary shares with redemption right and completion of the Reorganization of the Group | 614,451 | 61.4 | – | 2,762,050 |
| Issuance of ordinary shares with redemption right | 76,680 | 7.7 | – | – |
| Issuance of ordinary share for the anti-dilution rights to Mr. Zhu | 4,036 | 0.4 | – | 11,355 |
| Share allotted for share incentive scheme | 23,018 | – | – | – |
| Share subdivision on September 18, 2019 | 15,517,404 | – | – | – |
| Dividends | – | – | – | (41,941) |
| At December 31, 2019 and January 1, 2020 | 17,241,560 | 170.1 | – | 2,731,464 |
| Conversion from redeemable shares into ordinary shares pursuant to IPO | – | – | – | 2,107,892 |
| Exercise of employee share scheme | | 2.3 | | 62,563 |
| Capitalization issue (a) | 462,758,440 | 4,627.6 | 33 | (33) |
| Shares issued pursuant to the IPO (b) | 120,000,000 | 1,200.0 | 8 | 2,024,247 |
| Shares issued upon over-allotment (c) | 18,000,000 | 180.0 | 1 | 298,708 |
| Share issuance cost | – | – | – | (92,397) |
| Share issuance cost of over-allotment | – | – | – | (8,984) |
| At December 31, 2020 | 618,000,000 | 6,180.0 | 42 | 7,123,460 |

(a) Pursuant to a written resolution of all shareholders of the Company passed on June 8, 2020, conditional on the share premium account of the Company being credited as a result of the issuance of new shares pursuant to the global offering, the directors of the Company were authorized to capitalize an amount of USD4,628 towards paying up in full at par of 462,758,440 ordinary shares of USD0.00001 each for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on June 29, 2020 in proportion to their then existing shareholding ("**Capitalization Issue**"). Accordingly, 462,758,440 ordinary shares with par value of USD0.00001 each are issued and USD4,628 (equivalent to approximately RMB33,000) are credited to share capital.

(b) On June 29, 2020, the Company was listed on the Main Board of HKSE, 120,000,000 ordinary shares were issued at a price of HKD18.5 per share for a total cash consideration, before related issuance expenses, of approximately HKD2,220,000,000 (equivalent to approximately RMB2,024,255,000). Dealings in these shares on the Main Board of HKSE commenced on June 29, 2020. Accordingly, 120,000,000 ordinary shares with par value of USD0.00001 each are issued and USD1,200 (equivalent to approximately RMB8,000) are credited to share capital, and remaining amounts, after netting of Listing expenses, are credited to share premium.

(c) On July 22, 2020, the Company issued 18,000,000 additional new ordinary shares of USD0.00001 each at HK$18.50 per share pursuant to the full exercise of the over-allotment option. The proceeds from the over-allotment option, before related issuance expenses, of approximately HKD333,000,000 (equivalent to approximately RMB298,708,000).

## 13 TRADE AND OTHER PAYABLES

| | As at December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| Trade payables (a) | **118,452** | 118,789 |
| Salaries payable | **61,357** | 48,329 |
| Payables of considerations for acquisition of subsidiaries | **720** | 1,720 |
| Deposits payable | **4,080** | 636 |
| Other taxes payable | **9,587** | 10,098 |
| Payable of surcharge for tax overdue payment | **7,578** | 7,578 |
| Payables for construction projects | **15,515** | 19,613 |
| Prepayments received for radiotherapy equipment licensing | **10,659** | 8,681 |
| Dividend payable | **–** | 41,941 |
| Payables for intangible assets acquisition | **206** | 1,030 |
| Others | **9,114** | 4,059 |
| | **237,268** | 262,474 |

(a) The credit period granted by suppliers mainly ranges from 30 to 90 days. The following is an aging analysis of trade payables presented based on the invoice date:

| | As at December 31, | |
|---|---|---|
| | **2020** | 2019 |
| | ***RMB'000*** | *RMB'000* |
| 0 to 90 days | **100,135** | 91,022 |
| 91 to 180 days | **8,253** | 14,164 |
| 181 to 365 days | **2,783** | 5,158 |
| Over 1 year | **7,281** | 8,445 |
| | **118,452** | 118,789 |

## 14 DIVIDENDS

The Board recommended the payment of final dividend of RMB0.12 per share (in aggregate amounted to approximately RMB74.2 million) for the year ended December 31, 2020 which is subject to the approval by the shareholders at the annual general meeting of the Company. The final dividend is expected to be payable to the shareholders on or before July 26, 2021. The dividend will be payable to the Shareholders whose names appear on the register of members of the Company at the close of business on July 7, 2021.

## DEFINITIONS AND GLOSSARIES

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

| | |
|---|---|
| "AGM" | annual general meeting of the Company |
| "Anqiu Hygeia Hospital" | Anqiu Hygeia Hospital Co., Ltd. (安丘海吉亞醫院有限公司) (formerly known as Anqiu Development District Hospital Co., Ltd. (安丘市開發區醫院有限公司)), a limited liability company established in the PRC on January 28, 2008 and a subsidiary of the Company |
| "associates" | has the meaning ascribed thereto under the Listing Rules |
| "Audit Committee" | the audit committee of the Board |
| "Board" or "Board of Directors" | the board of directors of the Company |
| "CAGR" | compound annual growth rate |
| "CG Code" | the Corporate Governance Code as set out in Appendix 14 to the Listing Rules |
| "Chengwu Hygeia Hospital" | Chengwu Hygeia Hospital Co., Ltd. (成武海吉亞醫院有限公司) (formerly known as Chengwuxian Tonghui Hospital Co., Ltd. (成武縣同慧醫院有限公司)), a limited liability company established in the PRC on November 25, 2016 and a subsidiary of the Company |
| "Chairman" | the Chairman of the Board |
| "China" or the "PRC" | the People's Republic of China, but for the purpose of this announcement and for geographical reference only, references herein to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| "Chongqing Hygeia Hospital" | Chongqing Hygeia Cancer Hospital Co., Ltd. (重慶海吉亞腫瘤醫院有限公司) (formerly known as Chongqing Hygeia Hospital Management Co., Ltd. (重慶海吉亞醫院管理有限公司)), a limited liability company established in the PRC on November 9, 2015 and a subsidiary of the Company |

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| "Class III" or "Class III hospitals" | the largest and best regional hospitals designated as Class III hospitals by the NHFPC hospital classification system, typically having more than 500 beds, as for a comprehensive hospital providing high-quality professional healthcare services covering a wide geographic area and undertaking higher academic and scientific research initiatives |
| "Company" | Hygeia Healthcare Holdings Co., Limited (海吉亞醫療控股有限公司), an exempted company with limited liability incorporated under the laws of Cayman Islands on September 12, 2018, the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange |
| "Companies Ordinance" | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time |
| "Controlling Shareholder(s)" | has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Mr. Zhu, Ms. Zhu, Century River Investment Holdings Limited, Century River Holdings Limited, Red Palm Investment Holdings Limited, Red Palm Holdings Limited and Amber Tree Holdings Limited |
| "COVID-19" | Novel coronavirus pneumonia |
| "CT" | computerized tomography, a type of scan that makes use of computer-processed combinations of many X-ray images taken from different angles to produce cross-sectional tomographic images of specific areas of a scanned object, allowing the user to see inside the object without cutting |
| "Dezhou Hygeia Hospital" | Dezhou Hygeia Hospital Co., Ltd. (德州海吉亞醫院有限公司), a limited liability company established in the PRC on March 11, 2021 and a subsidiary of the Company |
| "Director(s)" | director(s) of the Company |
| "Frost & Sullivan" | Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent third party |
| "GFA" | gross floor area |
| "Group" | the Company together with its subsidiaries |

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|---|---|
| "Handan Renhe Hospital" | Handan Renhe Hospital (邯鄲仁和醫院), a private not-for-profit hospital established under the laws of the PRC which the Group acquired on July 31, 2011 and one of the Managed Hospitals |
| "Handan Zhaotian Hospital" | Handan Zhaotian Orthopedics Hospital (邯鄲兆田骨科醫院), a private not-for-profit hospital established under the laws of the PRC which the Group acquired on August 27, 2015 and one of the Managed Hospitals |
| "Heze Hygeia Hospital" | Heze Hygeia Hospital Co., Ltd. (菏澤海吉亞醫院有限公司), a limited liability company established in the PRC on January 23, 2013 and a subsidiary of the Company |
| "HK$" | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "Hygeia College" | Hygeia College (海吉亞學院), an internal talent training and performance evaluation mechanism |
| "IFRS" | International Financial Reporting Standards |
| "Kaiyuan Jiehua Hospital" | Kaiyuan Jiehua Hospital (開遠解化醫院), a private not-for-profit hospital established under the laws of the PRC which the Group acquired on November 12, 2012 and one of the Managed Hospitals |
| "Liaocheng Hygeia Hospital" | Liaocheng Hygeia Hospital Co., Ltd. (聊城海吉亞醫院有限公司), a limited liability company established in the PRC on June 20, 2019 and a subsidiary of the Company |
| "Listing" | the listing of the Shares on the Main Board of the Stock Exchange on June 29, 2020 |
| "Listing Date" | the date, namely June 29, 2020, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time |
| "Longyan Boai Hospital" | Longyan Boai Hospital Co., Ltd. (龍岩市博愛醫院有限公司), a limited liability company established in the PRC on October 30, 2002 and a subsidiary of the Company |

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|---|---|
| "Main Board" | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange |
| "Managed Hospitals" | Kaiyuan Jiehua Hospital, Handan Renhe Hospital and Handan Zhaotian Hospital |
| "Model Code" | the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules |
| "MRI" | magnetic resonance imaging, a type of scan that uses strong magnetic fields and radio waves to produce detailed images of the inside of the body |
| "Mr. Zhu" | Mr. Zhu Yiwen (朱義文), father of Ms. Zhu, the founder of the Group and one of the Controlling Shareholders |
| "Ms. Zhu" | Ms. Zhu Jianqiao (朱劍喬), daughter of Mr. Zhu and one of the Controlling Shareholders |
| "NHFPC" | National Health and Family Planning Commission of the PRC (中華人民共和國國家衛生和計劃生育委員會), currently known as National Health Commission of the PRC (中華人民共和國國家衛生健康委員會) |
| "oncology" | the branch of medicine that deals with cancer |
| "PCR" | polymerase chain reaction, a laboratory method used for making a very large number of copies of short sections of deoxyribonucleic acid (DNA) from a very small sample of genetic material |
| "PD-1" | programmed cell death protein 1, an immune checkpoint receptor expressed on T-cells, B-cells and macrophages. The normal function of PD-1 is to turn off the T-cell mediated immune response as part of the process that stops a healthy immune system from attacking other pathogenic cells in the body. When PD-1 on the surface of a T-cell attaches to certain proteins on the surface of a normal cell or a cancer cell, the T-cell turns off its ability to kill the cell |

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|---|---|
| "PET-CT" | positron emission tomography-computed tomography, a nuclear medical technology which combines, in a single gantry, a positron emission tomography scanner and an X-ray computed tomography scanner, to acquire sequential images from both devices in the same session and combine such images into a single superposed (co-registered) image, enabling the preciser alignment or correlation between the functional imaging obtained by positron emission tomography scanning and the anatomic imaging obtained by computed tomography scanning |
| "Prospectus" | the prospectus of the Company published on June 16, 2020 |
| "public medical insurance programs" | primarily include the Urban Employee Basic Medical Insurance Scheme (城鎮職工基本醫療保險制度), the Urban Resident Basic Medical Insurance Scheme (城鎮居民基本醫療保險制度) and the New Rural Cooperative Medical Insurance Scheme (新型農村合作醫療保險制度) |
| "radiotherapy" | a treatment that uses high energy to kill malignant cancer cells or other benign tumor cells |
| "Radiotherapy Center Services" | the services the Group provide to certain hospital partners in connection with their radiotherapy centers, which primarily comprise (i) provision of radiotherapy center consulting services; (ii) licensing of proprietary SRT equipment for use in the radiotherapy centers; and (iii) provision of maintenance and technical support services in relation to proprietary SRT equipment |
| "Reporting Period" | the twelve-month period from January 1, 2020 to December 31, 2020 |
| "RMB" or "Renminbi" | the lawful currency of the PRC |
| "SCI" | Science Citation Index, a multidisciplinary citation index |
| "Shanxian Hygeia Hospital" | Shanxian Hygeia Hospital Co., Ltd. (單縣海吉亞醫院有限公司) (formerly known as Shanxian Hygeia Hospital Investment Co., Ltd. (單縣海吉亞醫院投資有限公司)), a limited liability company established in the PRC on November 20, 2012 and a subsidiary of the Company |

| | |
|---|---|
| "Share(s)" | ordinary share(s) in the share capital of the Company with nominal value of US$0.00001 each |
| "Shareholder(s)" | holder(s) of the Shares |
| "SRT" | stereotactic radiotherapy, namely, a type of external beam radiotherapy that uses special equipment to stereoscopically position the lesion and precisely deliver high doses of radiation to the tumor through short course of treatment |
| "State Council" | State Council of the PRC (中華人民共和國國務院) |
| "Stock Exchange" or "Hong Kong Stock Exchange" | the Stock Exchange of Hong Kong Limited |
| "subsidiary(ies)" | has the meaning ascribed thereto under section 15 of the Companies Ordinance |
| "Suzhou Canglang Hospital" | Suzhou Canglang Hospital Co., Ltd. (蘇州滄浪醫院有限公司), a limited liability company established in the PRC on March 23, 2015 and a subsidiary of the Company |

By order of the Board
**Hygeia Healthcare Holdings Co., Limited**
**Mr. Fang Min**
*Chairman*

Hong Kong, March 29, 2021

*As of the date of this announcement, the Board comprises Mr. Fang Min as Chairman and non-executive Director, Ms. Cheng Huanhuan, Mr. Ren Ai, Mr. Zhang Wenshan and Ms. Jiang Hui as executive Directors, Mr. Cao Yanling as non-executive Director, and Mr. Liu Yanqun, Mr. Chen Penghui and Mr. Ye Changqing as independent non-executive Directors.*