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, 2021

FINANCIAL HIGHLIGHTS

Revenue of the Group increased by 65.2% to RMB2,315.3 million for the year ended December 31, 2021 from RMB1,401.8 million for the year ended December 31, 2020.

Gross profit of the Group increased by 57.8% to RMB757.5 million for the year ended December 31, 2021 from RMB480.0 million for the year ended December 31, 2020.

Net profit of the Group increased by 155.9% to RMB453.2 million for the year ended December 31, 2021 from RMB177.1 million for the year ended December 31, 2020. Non-IFRS adjusted net profit[(1)] increased by 42.5% to RMB450.6 million for the year ended December 31, 2021 from RMB316.1 million for the year ended December 31, 2020.

Basic earnings per Share of the Group increased by 86.8% to RMB0.71 for the year ended December 31, 2021 from RMB0.38 for the year ended December 31, 2020.

The Board has resolved not to declare any dividend for the year ended December 31, 2021.

Note:

(1) During the Reporting Period, non-IFRS adjusted net profit was calculated on a net profit basis, excluding share-based compensation expenses, depreciation and amortization of the appreciation in valuation of assets arising from acquisitions of hospitals, and gains from the appreciation in valuation of assets arising from the reform of not-for-profit hospital.

NON-IFRS MEASURES

To supplement the Group's consolidated statement of comprehensive income which are presented in accordance with IFRS, the Company has provided adjusted net profit as non-IFRS 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 comprehensive income 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 period to period 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 may not be comparable to similarly titled measures presented by other companies as they do not share a standardized meaning. The use of these non-IFRS measures has limitations as an analytical tool, as such, they should not be considered in isolation from, or as substitute for analysis of, the Group's consolidated statement of comprehensive income as reported under IFRS. You should not view the non-IFRS adjusted results on a stand-alone basis or as a substitute for results under IFRS.

SUMMARY OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2021	2020
	(RMB'000)	*(RMB'000)*
Revenue	**2,315,349**	1,401,764
Cost of revenue	**(1,557,850)**	(921,721)
Gross profit	**757,499**	480,043
Selling expenses	**(20,976)**	(13,738)
Administrative expenses	**(228,523)**	(152,902)
Other income	**16,012**	8,410
Other gains/(losses) — net	**69,763**	(21,529)
Operating profit	**593,775**	300,284
Finance income	**2,155**	498
Finance costs	**(23,085)**	(48,170)
Finance costs — net	**(20,930)**	(47,672)
Profit before income tax	**572,845**	252,612
Income tax expense	**(119,642)**	(75,551)
Net profit	**453,203**	177,061
Non-IFRS adjusted net profit[1]	**450,606**	316,082

Note:

(1) Adjustments to the net profit for the year ended December 31, 2021 include: (i) share-based compensation expenses of RMB6,759 thousand; (ii) depreciation and amortization of the appreciation in valuation of assets arising from acquisitions of hospitals of RMB6,093 thousand; and (iii) gains from the appreciation in valuation of assets arising from the reform of not-for-profit hospital of RMB(15,449) thousand. Adjustments to the net profit for the year ended December 31, 2020 include: (i) impact of the deferral of the redemption date of redeemable Shares of RMB57,852 thousand; (ii) interest expenses of redeemable Shares of RMB48,029 thousand; (iii) Listing expenses of RMB29,068 thousand; and (iv) share-based compensation expenses of RMB4,072 thousand.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended December 31, 2021, the Group continued to adhere to the oncology-focused development strategy in 2021 and practice its corporate vision of "making healthcare services more accessible and affordable and making life healthier (讓醫療更溫暖，讓生命更健康)". The Group was committed to continuously expanding the breadth and depth of its medical service network through operating hospitals focusing on oncology and operating radiotherapy centers in cooperation with third party hospitals. In 2021, the Group was included in FTSE Russell Indices and MSCI China All Shares Index, and received high levels of attention and recognition from both domestic and international markets. As of December 31, 2021, the Group managed and operated 12 oncology-focused hospitals and provided services to 22 hospital partners for their radiotherapy centers.

The Group has always put patient satisfaction first through fulfilling the unmet needs of oncology patients in China by closely monitoring the quality of our medical services, as well as raising our service standards. As the influence of our brand continued to spread, the number of patient visits of the Group has increased, which allowed the Group to maintain strong growth in revenue. Through continuously refining its management measures, the Group has achieved significant improvement in management efficiency. For the year ended December 31, 2021, the revenue of the Group was RMB2,315.3 million, representing an increase of 65.2% as compared with last year. The following table sets forth a breakdown of revenue of the Group by service offerings for the years indicated:

	Year ended December 31,			
	2021		2020	
	(RMB'000)	***% of revenue***	*(RMB'000)*	*% of revenue*
Hospital business				
— Outpatient healthcare services	**741,352**	**32.0**	373,137	26.6
— Inpatient healthcare services	**1,408,838**	**60.9**	870,088	62.1
Sub-total	**2,150,190**	**92.9**	1,243,225	88.7
Third-party radiotherapy business	**158,425**	**6.8**	150,815	10.7
Other business	**6,734**	**0.3**	7,724	0.6
Total	**2,315,349**	**100.0**	1,401,764	100.0

Hospital Business

For the year ended December 31, 2021, the Group's revenue from hospital business was RMB2,150.2 million, representing an increase of 73.0% over last year, of which revenue from outpatient healthcare services was RMB741.4 million, representing an increase of 98.7% over last year, and revenue from inpatient healthcare services was RMB1,408.8 million, representing an increase of 61.9% over last year.

The brand influence of the Group's self-owned hospitals has gradually increased, resulting in a continuous improvement in both patient stickiness and patient visits. For the year ended December 31, 2021, the total number of patient visits was nearly 2.3 million. In addition, the Group has actively expanded diagnosis and treatment items to enrich treatment methods and to boost its management efficiency, resulting in a continuous increase in output per hospital bed. For the year ended December 31, 2021, output per bed from hospital business was approximately RMB575.7 thousand, representing an increase of 24.1% over last year. The Group has completed 41,745 cases of oncology or oncology-related surgery this year, representing an increase of 141.4% over last year.

As of December 31, 2021, the Group operated or managed a network of 12 oncology-focused hospitals, covering 9 cities in 7 provinces in China.

Third-party Radiotherapy Business

The Group fully leverages on its strengths of tumor radiotherapy resources to actively expand its radiotherapy center network across China. For the year ended December 31, 2021, the Group's revenue from third-party radiotherapy business was RMB158.4 million, representing an increase of 5.0% over last year. Kaiyuan Jiehua Hospital, where Kaiyuan radiotherapy center is located, became one of the self-owned hospitals of the Group and its revenue has been incorporated into the Group's hospital business after the reform of the not-for-profit hospital. Excluding the impact of the aforesaid, the Group's revenue from the third-party radiotherapy business increased by 12.7% over last year. The Group provides Radiotherapy Center Services to 22 hospital partners (including the hospital in which the Group holds organizer's interest) in 12 provinces in China.

As of December 31, 2021, the Group has signed radiotherapy center cooperation agreements with 27 third-party hospital partners located in 14 provinces in China. Once those radiotherapy centers under the newly signed agreements commence operation, the number of radiotherapy centers of the Group will increase to 49, and the Group will further increase the Group's revenue from third-party radiotherapy business and expand the Group's radiotherapy center network.

Oncology-related Business

The Group regards the development of the oncology business as its core strategy. The Group 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 tumor screening and genetic diagnosis, radiotherapy, surgery, chemotherapy, immunotherapy, targeted therapy, 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.

Revenue from the Group's oncology-related business increased by 65.3% from RMB665.4 million for the year ended December 31, 2020 to RMB1,100.1 million for the year ended December 31, 2021, and accounted for 47.5% of the consolidated revenue of the Group.

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

	Year ended December 31,			
	2021		2020	
	(RMB'000)	***% of total revenue***	*(RMB'000)*	*% of total revenue*
Revenue from oncology business	**1,100,091**	**47.5**	665,359	47.5
Revenue from non-oncology business	**1,215,258**	**52.5**	736,405	52.5
Total	**2,315,349**	**100.0**	1,401,764	100.0

Gross Profit

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

	Year ended December 31,	
	2021	2020
	(RMB'000)	*(RMB'000)*
Hospital business	**661,736**	378,300
Third-party radiotherapy business	**93,522**	96,083
Other business	**2,241**	5,660
Total	**757,499**	480,043

For the year ended December 31, 2021, the gross profit of hospital business was RMB661.7 million, representing an increase of 74.9% over last year, and the gross profit of the Group was RMB757.5 million, representing an increase of 57.8% over last year.

Business Development

1. Continue maintaining focus in oncology business and further enhance the academic standards and diagnostic capabilities of the Group's in-network hospitals

Expanding oncology-related technical methods

The Group achieved a series of technological innovations in terms of oncology treatment. Our newly developed technologies include intracranial aneurysm interventional procedure, intracranial giant aneurysm clipping surgery, transsphenoidal minimally invasive surgery for pituitary tumors, lower limb venous thrombosis stent placement surgery, stellate ganglion block, CT-guided pulmonary nodules microwave ablation, collagenase nucleolysis, fiberoptic bronchoscopy, tracheal tumor removal and reconstruction surgery, and preservation of left colic artery in laparoscopic radical operation for rectal cancer. The innovation in oncology-related technologies has improved our ability to treat critically ill oncology patients and strengthened our brand influence.

In addition, the Group's in-network hospitals have invested extensively in minimally invasive technology for oncology diagnosis and treatment. Through introducing advanced equipment such as Olympus CV-290 electronic gastrointestinal endoscopy system and OTV-S300 endoscopy system, we are able to implement various types of laparoscopic diagnosis and treatment as well as intra-artery interventional technology, such as laparoscopic hepatic hemangioma removal, common hepatic duct lithotomy, splenectomy, kidney cancer removal, thoracoscopic lung cancer radical treatment, endoscopic maxillectomy for maxillary sinus tumors and microendoscopic discectomy for lumbar disc herniation. The application of these minimally invasive advanced technologies not only relieves pain for oncology patients and reduces hospitalization time, but also increases hospital bed turnover rate, improves efficiency in the utilization of medical resources, and enhances our competitiveness in oncology diagnosis and treatment.

Expanding the breadth and depth in oncology screening

Early oncology screening is essential in preventing and treating cancers, and it has become increasingly popular among the general public. Through initiating public welfare activities such as breast and cervical cancer screening (兩癌篩查) and five types of cancers screening, and setting up a screening base for gastrointestinal cancer, we assist in the early discovery, diagnosis and treatment for oncology patients. We also invested in several high-end imaging equipment such as Philips IQon Spectral CT scanner and Ingenia 3.0T full digital MRI system, to accurately discover small lesions at an early stage, providing strong imaging assurance for early oncology screening.

Raising academic standard in oncology specialties

The Group has made numerous achievements from its continuous scientific research and academic study in oncology. Thus far, our in-network hospitals and/or medical professionals have published 163 articles in oncology specialties/oncology related disciplines, of which 98 were published in international and national journals, 57 were published in provincial journals. We also received 5 utility model patents awarded by the National Intellectual Property Administration.

Chongqing Hygeia Hospital was included in the list of Chongqing key laboratories newly accredited by Chongqing Science and Technology Bureau. The accreditation can further improve the overall academic standard of Chongqing Hygeia Hospital and the Group. Chongqing Hygeia Hospital and the Bioengineering College of Chongqing University jointly built a teaching and practice base for biomedical engineering, which combines clinics with cutting-edge technologies, increases conversion of scientific research achievements and provides hospitals with medical professionals.

Suzhou Yongding Hospital established 3 multidisciplinary diagnosis and treatment centers (oncology MDT, small pulmonary nodules MDT and neurological disorders MDT) and two bases (gastrointestinal cancer screening base and Suzhou Medical Association oncology MDT Wujiang base) and Hezhou Guangji Hospital passed the assessments for two municipal key disciplines (intensive care unit and general surgery), satisfying oncology patients' demand for higher quality and better service in medical care.

Strengthening the recruitment and training for oncology professionals

The Group is strengthening its efforts in the recruitment and training for oncology professionals. As of December 31, 2021, the Group had 4,295 medical professionals in total, representing an increase of 1,735 compared to December 31, 2020. Among the medical professionals, 533 were chief physicians or associate chief physicians, representing an increase of 234 from December 31, 2020. During the Reporting Period, 172 physicians were promoted to a higher professional grade. 2 experts from Chongqing Hygeia Hospital were shortlisted as medical leadership candidates in Chongqing municipal area and surrounding counties, and Chongqing Hygeia Hospital was the only private hospital in Chongqing municipal area that was shortlisted.

In the aspect of recruiting external professionals, the Group has newly established several expert offices to aid the development in core discipline-oncology. Longyan Boai Hospital has newly set up expert offices for oncology, thyroid and cardio-thoracic surgeries and Suzhou Canglang Hospital has newly set up three expert offices for oncology, gastroenterology and hematology. The expert offices enhance the Group's brand value and allow us to better satisfy the medical needs of oncology patients in surrounding area.

Hygeia Healthcare Teaching and Researching Institute and the Group's business divisions held 119 training sessions in the Reporting Period, which cultivates high-quality and high-caliber key personnel for the Group and continuously provides outstanding medical professionals and multifaceted talents to its hospitals, thereby promoting the development of healthcare services in the Group's in-network hospitals to a higher level.

On November 12, 2021, the Group granted 7,883,000 options to 567 Eligible Persons under the share option scheme approved and adopted by the extraordinary general meeting on October 15, 2021. The options will be vested in 5 years and a quota of 1.725% of the issued share capital has been reserved for the next stage of talent acquisition and incentives. Through continuous improvement in the incentive mechanism, the Group aims to further enhance key personnel's responsibility and commitment in achieving sustainable development for the Group and motivating the healthy and rapid growth of the Group.

Positive development in other oncology-related disciplines

During the Reporting Period, Shanxian Hygeia Hospital was licensed as a national chest pain center and a provincial stroke center, marking an important milestone made by Shanxian Hygeia Hospital in stroke prevention and control and comprehensive treatment for acute chest pain.

The Group continued to promote Chinese medicine culture, integrating Chinese and western medicine to provide full life cycle services that comprise nourishing, prevention, treatment and rehabilitation for oncology patients.

The Group is also promoting the establishment of internet hospitals to improve the diagnostic process and enhance patients' medical experience. Suzhou Yongding Hospital and Chongqing Hygeia Hospital successively obtained internet hospital licenses. With the implementation of internet hospitals, medical resources will be used in a more effective way to serve more patients, which provide all-around healthcare management services to oncology patients.

The Group will develop new technical methods with a focus in oncology, enhance its academic standards, and strengthen talent acquisition and training. During the Reporting Period, the Group recorded a considerable rise in Level 3 or 4 surgery cases and initial consultation rate, further boosting our brand influence.

2. Expand the Group's healthcare service network through endogenous growth

Self-owned hospitals are the core of the Group's development strategy and our unique feature and strength. Hygeia strives to make healthcare services more accessible and affordable, by adapting to the growing momentum of China's oncology medical service market. We accelerate the nationwide expansion of our oncology business to meet the growing needs of oncology patients.

Progress of Phase II projects for existing hospitals

Chongqing Hygeia Hospital Phase II project has completed the construction of the main structure in December 2021. Internal renovation work is underway, and is expected to be completed by the end of 2022. The Phase II project has a GFA of approximately 72,000 square meters and is designed to accommodate 1,000 beds. After Phase II project commences operation, the total number of beds in Chongqing Hygeia Hospital will increase to 1,500.

Shanxian Hygeia Hospital Phase II project has completed the construction of oncology rehabilitation center in December 2021. Apart from the oncology rehabilitation center, the Phase II project also includes a ward complex and hyperbaric oxygen chamber. The total GFA for Phase II is approximately 54,000 square meters and is designed to accommodate 500 beds. It is expected to be completed by the end of 2022.

Chengwu Hygeia Hospital Phase II project has completed the applications for the land plot Real Estate Certificate, the Construction Land Use Planning Permit and the Construction Work Planning Permit by the end of December 2021. It is expected to accommodate 350 beds, and is expected to be completed, pass acceptance inspection and be put into operation in 2023.

Progress of in-progress hospitals

Liaocheng Hygeia Hospital received practice license for medical institutions as for-profit hospitals on December 21, 2021. Liaocheng Hygeia Hospital has an area of 112 mu and Phase I project has a total GFA of approximately 83,000 square meters, which can accommodate 800 beds. As the fourth self-owned hospital of the Group, Liaocheng Hygeia Hospital will adhere to the mission of “making healthcare services more accessible and affordable and making life healthier”, safeguarding the health of the citizens of Liaocheng and surrounding areas.

Dezhou Hygeia Hospital has obtained the Construction Work Planning Permit. Dezhou Hygeia Hospital is planned to be a Class III hospital, and Phase I project has a total GFA of approximately 51,000 square meters and designed to accommodate 500 beds. It is expected to commence operation in 2023. Upon its completion, Dezhou Hygeia Hospital will further strengthen the Group’s market share and regional advantage in Shandong province, and lay the foundation for building a three-tier hospital network in Shandong province.

Wuxi Hygeia Hospital has acquired the land parcel through bidding. After the ground-breaking ceremony in November 2021, construction for the hospital was officially underway. Wuxi Hygeia Hospital is designed to be a Class III general hospital with oncology specialties and will accommodate 800 to 1,000 beds. It is expected to commence operation by the end of 2023. Leveraging on its extensive experience in the investment, construction, operations and management of hospitals and its resources in multi-disciplinary oncology diagnosis and treatment, the Group will meet the medical needs of Wuxi city and its surrounding areas, as well as enhance our influence in the Yangtze River Delta region.

Newly signed investment intention agreements on hospital construction

In April 2021, the Group signed an investment intention agreement on hospital construction with the relevant authorities of Longyan Economic and Technological Development Zone. Longyan Hygeia Hospital is planned to be a Class III general hospital with oncology specialties. It will have a total GFA of approximately 80,000–100,000 square meters and will accommodate 800 to 1,000 beds. Construction is expected to be completed in 2024, upon which, Longyan Hygeia Hospital will increase the supply of medical services to Longyan Economic and Technological Development Zone and Longyan as a whole to meet the growing needs of local oncology patients. Longyan Hygeia Hospital will cooperate with Longyan Boai Hospital to improve the brand influence and market share of Hygeia Healthcare Group in oncology services in Longyan City and Fujian Province.

In May 2021, the Group signed an investment intention agreement on hospital construction with the relevant authorities of Changshu High-tech Zone, namely Changshu Hygeia Hospital. It is planned to be a Class III general hospital with oncology specialties, have a total GFA of approximately 80,000–120,000 square meters and accommodate 800–1,200 beds. Construction is expected to be completed in 2024. Through this project, the Group strives to provide better medical services to residents of Changshu and its surrounding cities. The project also lays the foundation for the Group to build a three-tier hospital network in the Yangtze River Delta region.

Expansion of radiotherapy center

During the Reporting Period, the number of third-party radiotherapy centers increased by 5. The Group will continue to expand its network of radiotherapy centers and increase the scale of radiotherapy business. Hygeia will strive to meet the growing needs of China's oncology medical service market and establish its oncology business presence nationwide.

Other endogenous growth

On June 24, 2021 and December 21, 2021, the Group respectively announced its acquisition of 17.62% and 0.82% equity interest from Shanxian Hygeia Hospital, upon which Shanxian Hygeia Hospital Co., Ltd. became a wholly-owned subsidiary of the Group.

On April 16, 2021, the Group entered into the joint venture agreement in respect of the formation of a joint venture in relation to the reform of the not-for-profit hospital, Kaiyuan Jiehua Hospital. Officially incorporated on May 31, 2021, Kaiyuan Jiehua Hospital Co., Ltd. holds a valid practice license for medical institutions as for-profit hospitals and has commenced operating as a for-profit hospital.

3. *Expand the Group's medical service network and business scale through acquisitions*

On April 25, 2021, the Group announced the acquisition of the entire equity interests in Etern Group Ltd. which indirectly holds 98% equity interests in Suzhou Yongding Hospital. The deal was completed on April 28, 2021. Suzhou Yongding Hospital is located in the core area of Yangtze River Delta region which has a developed economy and a continuous population inflow. As the supply of oncology medical services in Suzhou, especially radiotherapy, is relatively insufficient, this acquisition is in line with the development strategy of the Group. Suzhou Yongding Hospital is a Class II general hospital with long operational experience and certain oncological basis, and has considerable influence in Suzhou. With sufficient space to accommodate more than 1,000 beds, the hospital has the potential to be upgraded to a Class III hospital in the future and develop multidisciplinary tumor diagnosis and treatment services such as radiotherapy services. After the acquisition, the Group effectively integrated the resources of Suzhou Canglang Hospital and Suzhou Yongding Hospital to strengthen the development of oncology discipline in Suzhou. Currently, Suzhou Yongding Hospital has expanded into three oncology-related departments. The acquisition will increase the market share of the Group's medical services in the Yangtze River Delta region and extend its market influence to surrounding areas, thus laying a solid foundation for the Group to build a three-tier diagnosis and treatment network in the Yangtze River Delta region.

On May 26, 2021, the Group announced the acquisition of 99% equity interest in Hezhou Guangji Hospital in Guangxi Zhuang Autonomous Region. The deal was completed in July 7, 2021. Hezhou Guangji Hospital is located at the junction of Guangxi Zhuang Autonomous Region, Guangdong Province and Hunan Province, which could cover a large population in the surrounding area. There is a large demand for oncology treatment, especially radiotherapy, in Guangdong Province and Guangxi Zhuang Autonomous Region. These two regions have high incidences of nasopharyngeal carcinoma, and radiotherapy is the main treatment for it. Meanwhile, oncology treatment services, especially radiotherapy, are relatively insufficient in Hezhou and its surrounding areas and thus establishing presence there is in line with the Group's development strategy. Hezhou Guangji Hospital is a private for-profit Class III general hospital. After 70 years of development, it has built up a profound culture and great market influence, and cultivated an experienced and high-caliber professional medical team. Hezhou Guangji Hospital has sufficient land resources for further consolidation and utilization. After the acquisition, the Group will strengthen the oncology-related business of Hezhou Guangji Hospital and endeavor to build Hezhou Guangji Hospital into a Class III Grade A general hospital with oncology specialties, so as to meet the growing needs of local oncology patients. The Group will also tap the potential of Hezhou Guangji Hospital to further develop business in Guangxi Zhuang Autonomous Region and South China region in general.

After joining the Group, Suzhou Yongding Hospital and Hezhou Guangji Hospital leveraged on the advantages of the Group's extensive experience and resource in hospital management, oncology-related discipline development and supply chain management. Through remuneration and performance system reform, revenue structure adjustment and the implementation of medical resource, they firmly followed the mission of "making healthcare services more accessible and affordable and making life healthier", strengthened diagnosis and treatment capabilities, enhanced operational efficiency and improved employees' sense of accomplishment and patient satisfaction.

Constantly improve healthcare quality control system and comply with various reforms to increase the standard of healthcare services

Healthcare quality control is the focus of the Group. Through strengthening training for medical professionals and regulating behavior in diagnosis and treatment, we enhanced the standard in medical services and improved the healthcare quality control system. Patient satisfaction is top priority for the Group. We conduct quarterly review on the patient satisfaction of our in-network hospitals, listen to feedback from patients and provide personalized service to them. The Group established a quality control committee which consists of medical committee, nursing committee, nosocomial infection control committee, medical record committee and complaint and dispute handling group. The comprehensive 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 whole-process quality control and supervision for clinical departments, and gives feedback, notice, and assessment for problems identified in a timely manner.

In order to comply with the reform of medical insurance payment method, the Group established a DRG/DIP special committee comprising of a special research committee. The committee will study and comply with the policy documents to ensure the hospitals' compliance with the guidance of competent authorities.

Fulfill social responsibility and gain social recognition

1. ***Fight against the coronavirus pandemic***

   All in-network hospitals of the Group have fully implemented the strategic decisions of the Party and the government, with people-oriented principles in mind, and putting people's lives as top priority. We set up outpatient service for fever patients, 24-hour nucleic acid testing stations and provided vaccination service, actively shouldering the responsibility for pandemic control and treatment in each hospital location. During the Reporting Period, the Group's in-network hospitals have administered 413,901 doses of coronavirus vaccine and performed 1,043,096 nucleic acid tests.

   In July 2021, there were recurring outbreaks in Nanjing and Yangzhou, Jiangsu. Suzhou Yongding Hospital sent out medical teams to the frontlines in Nanjing and Yangzhou to help with nucleic acid sampling and testing.

In September 2021, an outbreak occurred in Putian, Fujian. Longyan Boai Hospital rapidly organized a team, and completed personnel assembly and preparation of testing supplies and protective equipment in two hours. The team went urgently to Putian to support the pandemic control there.

In February 2022, Hezhou Guangji Hospital sent out a team of 61 people in 2 groups to help combat the pandemic in Baise, Guangxi Zhuang Autonomous Region. In the same month, Kaiyuan Jiehua Hospital also sent out a medical team to support the pandemic control in Hekou County, Yunnan.

We take pride in providing service in times of need, as it exemplifies people's trust in us, and our willingness to shoulder more responsibilities.

In addition, the in-network hospitals of the Group also take part in the normalized prevention and control of the pandemic. We continue to assign medical staff to help with vaccination in local health centers, community healthcare service centers and schools, as well as supporting pandemic control in key transportation hubs such as local train stations and highway entrances.

In February 2022, in order to perform nucleic acid testing for all Suzhou citizens, Suzhou Yongding Hospital and Suzhou Canglang Hospital complied with government measures and deployed several batches of over 2,000 people to assist with nucleic acid testing. Our active involvement in pandemic response efforts safeguarded people's health and showcased Hygeia's commitment and spirits.

2. *Continue carrying out healthcare-related public welfare activities to make healthcare services more accessible and affordable*

In order to realize the corporate vision of "making healthcare services more accessible and affordable and making life healthier", the Group attached great importance to public welfare initiatives. During the Reporting Period, in an effort to help the elderly and the disabled as well as to relieve orphans and the poor, the Group's in-network hospitals provided a total of 1,136 free consultations, held 236 public lectures on various topics, regularly organized employees to participate in blood donation events, which garnered significant recognition and approval from governments at all levels and the public.

Hezhou Guangji Hospital Party Committee and Hezhou Guangji Hospital were granted the honorary titles of "National Advanced Grassroots Party Organization (全國先進基層黨組織)" and "Worker Pioneer (工人先鋒號)" by the CPC Central Committee and the All-China Federation of Trade Unions, respectively.

Chongqing Hygeia Hospital was granted the honorary title of "Organization Caring for the Disabled (愛心助殘單位)" in 2021 by Chongqing Welfare Foundation for Disabled Persons (重慶市殘疾人福利基金會) and the High-tech District Government Services and Social Affairs Center (高新區政務服務和社會事務中心). In order to facilitate early identification, diagnosis and treatment for oncology patients, Chongqing Hygeia Hospital continued to promote public welfare activities, such as breast and cervical cancer screening (兩癌篩查). During the Reporting Period, Chongqing Hygeia Hospital completed medical security for 118 government activities, and was designated as a medical institution for labor capacity assessment in the High-tech District by the Chongqing High-tech District Appraisal Committee of Labor Capacity (重慶市高新區勞動能力鑒定委員會). Dr. Wang Bolin (王柏林醫生) in Chongqing Hygeia Hospital was granted the title of "2021 The Most Admirable Medical Worker" in Chongqing High-tech District.

Suzhou Yongding Hospital was qualified as a provincial "elderly-friendly medical organization (老年友善醫療機構)". In the future, Suzhou Yongding Hospital will continue to optimize the medical environment for the elderly, satisfy the healthcare service needs of the elderly in all aspects, and provide a better medical experience to elderly patients. Suzhou Yongding Hospital was also designated as a medical rescue and assistance unit by the Association of Cancer Rehabilitation in Wujiang District. The hospital will adhere to the standardized cancer treatment guidelines, provide individualized, precise and multidisciplinary comprehensive treatments for oncology patients, and gradually improve the service model for the whole life cycle of oncology, which includes tumor screening, prevention, diagnosis, treatment and rehabilitation.

Suzhou Canglang Hospital was qualified as a municipal "elderly-friendly medical organization". The hospital will continue to embrace the service philosophy of "respecting, nursing, loving and assisting the elderly", constantly improve the health management of elderly patients, and provide a safer, friendlier and more comfortable medical environment for elderly patients. In addition, Suzhou Canglang Hospital received "Suzhou Gusu District Labor Relations Harmony Enterprise (蘇州市姑蘇區勞動關係和諧企業)" jointly awarded by various departments, including the Suzhou Gusu District Human Resources and Social Security Bureau (蘇州市姑蘇區人力資源和社會保障局), Suzhou Gusu District General Union (蘇州市姑蘇區總工會), Suzhou Gusu District Federation of Industry and Commerce (蘇州市姑蘇區工商業聯合會).

Longyan Boai Hospital was granted the honorary titles of "Organization Caring for the Disabled (愛心助殘單位)" by Longyan Welfare Foundation for Disabled Persons (龍岩市殘疾人福利基金會)" and "Enterprise with Special Contribution on Disability Support (扶殘助殘特別貢獻企業)" by the Fujian Liangye Welfare Foundation for Disabled Persons (福建省梁野殘疾人慈善基金會), respectively. Dr. Jiang Zonghu (江宗虎醫生), the chief physician of the hospitals' intensive care unit, was granted the honorary title of "2020 The Most Admirable Physician in Longyan (龍岩市2020年最美醫師)" by the Longyan Municipal Health Commission.

In May 2021, Shanxian Hygeia Hospital was granted "2020 Advanced Unit of All County United Front Work (2020年度全縣統戰工作先進單位)" by the United Front Work Department of the CPC Shanxian County Committee.

During the Reporting Period, all in-network hospitals under the Group provided year-round outpatient service (including public holidays). From February 2022, Suzhou Yongding Hospital has been the first hospital in Suzhou to provide both day-time and night-time outpatient services for patient convenience.

BUSINESS PROSPECTS

1. The growing demand for oncology medical services creates more opportunities for a growing market

According to the results of the seventh national population census, as of November 1, 2020, there were 264 million elderly people aged 60 and above in China, accounting for 18.7% of the total population. It is expected that population in China aged 60 or above will be over 400 million in 2050. It can be predicted that the incidence of tumors and other age-related diseases will continue to rise, and the demand for oncology medical services in the Chinese market will gradually increase. According to Frost & Sullivan's analysis, the revenue of the entire oncology medical service market will reach RMB700 billion in 2025 at a CAGR of approximately 11.5% from 2021 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. The Group believes that by leveraging strict quality control, high-standard diagnosis and treatment technology and considerate diagnosis and treatment services, we are able to provide services to more oncology patients.

2. National and local policies encourage the development of private medical institutions which created a favorable environment for the Group's development

The medical care and health system reform in China has been deepened throughout recent years. The government has put in place certain policies encouraging the setup of medical institutions by social capitals to increase the supply of medical services, so as to alleviate the concerns over the significant and unevenly distributed gaps between supply and demand of medical services. Such policies include:

(1) "The Law of the People's Republic of China on the Promotion of Basic Medical and Health Care《中華人民共和國基本醫療衛生與健康促進法》" as adopted at the 15th Session of the Standing Committee of the Thirteenth National People's Congress in June 2020, clearly stated that the government encourages and drives the setup of medical institutions by social capitals in accordance to the laws;

(2) "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035《中華人民共和國國民經濟和社會發展第14個五年規劃和2035年遠景目標綱要》" passed at the 4th Session of the Thirteenth National People's Congress in March 2021, proposed to expand the supply of medical service resources aligning with the direction to improve the medical quality and efficiency mainly by public medical institutions with support from non-public medical institutions;

(3) "Notice of Issuing the Key Tasks for Deepening the Reform of Medical Care and Health System in 2021《關於印發深化醫藥衛生體制改革2021年重點工作任務的通知》" issued by the General Office of the State Council in May 2021 clearly and actively supports the development of medical services by social capitals. Medical institutions by social capitals can take lead in establishing or participating in county-level medical communities and urban medical groups to facilitate the development of specialties alliance and the collaborative network of remote medical services;

(4) "The Guiding Opinions on Deepening the Reform of Professional Title System for Healthcare Professionals《關於深化衛生專業技術人員職稱制度改革的指導意見》" jointly issued by the Ministry of Human Resources and Social Security, the National Health Commission and the National Administration of Traditional Chinese Medicine in August 2021 clearly stated that healthcare professionals of private medical institutions shall enjoy the treatments no different from those of public medical institutions in terms of title declaration and evaluation, and are not subject to restrictions on household registration, personal files, different medical institutions, etc.;

(5) In August 2021, the Office of the Leading Group for Learning and Education in relation to the Party's experience under the National Health Commission published an article titled "Thorough study of the past experience of the Party's leadership in healthcare industry promotes quality development of healthcare to a new level in new era《深入學習黨領導衛生健康事業的歷史經驗推動新時代新階段衛生健康事業高品質發展》", where it clearly stated that the government supports setting-up of medical institutions by social capitals to accelerate the development of the health industry;

(6) "Notice on Implementation of Opinions on the Deepened Reform of the Medical and Health System by Promoting the Experience of Sanming City, Fujian Province《關於抓好深入推廣福建省三明市經驗，深化醫藥衛生體制改革實施意見落實的通知》" issued by the Leading Group for Medical Reform under the State Council in December 2021, further emphasized that it is necessary to implement the relevant document requirements for supporting social capitals to provide multi-level and diversified medical services, and promote the proportion of non-public medical institutions and the proportion of diagnosis and treatment to meet the planning requirements;

(7) "Notice on 14th Five-Year Plan for Public Services《關於印發"十四五"公共服務規劃的通知》" jointly issued by the National Development and Reform Commission, the Publicity Department of CPC Central Committee, the Medical Insurance Bureaus and other authorities in December 2021 proposed to support participation of social capitals in public services in order to establish a diversified supply of public services. It is necessary to improve relevant policies, relax entry restrictions and promote fair entry to the market. The notice also promotes the development of professional hospital management groups;

(8) "The Guiding Principle of the State Program of the Establishment of Medical Institutions (2021–2025)《醫療機構設置規劃指導原則(2021–2025年)》" issued by the National Health Commission in January 2022 encourages the setup of medical institutions by social capitals to boost the development of private medical service. There are no planning restrictions on the total number and area for establishment of medical institution with social capitals. It also encourages medical institutions organized by social capitals to take lead in establishing or joining medical community, and explore various forms of cooperation between medical institutions by social capitals and public hospitals; and

(9) "The Three-year Action Plan for Health Development in Fujian Province (2021–2023) 《福建省衛生健康發展建設三年行動計劃(2021–2023年)》" issued by the General Office of Fujian Provincial People's Government in January 2022 proposed to subsidize qualified private hospitals to support their continued operation; encourages the investment of social capital in strengthening the construction of infrastructures; and provides subsidies to those fulfilling the requirements. The goal is to achieve a 25.3% for private hospital beds as a percentage of total hospital beds by 2023.

The Group believes that it is able to benefit from the encouragement and support of various national and local government policies and the environment for private medical service in China has been improving which has accelerated the development of private medical service. The Group will seize this opportunity to continuously expand its operation network to satisfy the growing needs of increasing number of oncology patients.

Looking forward, the Group expects to:

(1) continue to focus on the core oncology-related business, enhance its brand influence and prioritize patient satisfaction: ensure the quality of medical services through continuously improving medical services standard, introducing cutting-edge technology and equipment, providing internal trainings and recruiting external medical professionals, improve patients' medical experience and provide oncology patients with one-stop comprehensive medical services covering the whole treatment cycle;

(2) continue to enhance the scientific research capabilities. The Group will cooperate with public hospitals and other scientific research organizations to jointly develop national, provincial and municipal scientific research projects, encouraging academic research and publication of papers by in-network hospitals, and providing interdisciplinary talents with medical expertise for in-network hospitals on an on-going basis by leveraging fully on the function of Hygeia Healthcare Teaching and Researching Institute, so as to capitalize the cutting-edge oncology-related diagnosis and treatment technology and deliver better service to its patients;

(3) continue to expand our business scale to achieve economy of scale. The Group will continue to raise its revenue through organic growth and external expansion to enhance the brand influence of the Group across China:

    a. by actively facilitating the preparation and construction of self-owned hospitals, and promoting the Phase II construction projects of the existing hospitals, so as to satisfy the growing demand of local patients;

    b. by actively identifying high-quality merger and acquisition targets, promoting the project process and continuously strengthening the consolidation capacities in the industry;

(4) continue to strictly comply with various regulatory requirements of the industry and strengthen the standardized operation, including implementing the core system of medical quality and safety, supervising medical quality and safety, ensuring medical safety and increasing brand credibility;

(5) continue to reinforce the modular matrix management model through standardizing and refining our management measures to improve the management efficiency of the Group and adapt to various reforms regarding payments of medical insurance; and

(6) continue the build-up of environment, social and governance (ESG) by reinforcing the regulatory measures on environment, such as reducing the usage of energy and making more efforts on medical waste management and recycling; fulfilling social responsibilities through organizing public welfare activities, such as offering free consultations to grassroots, providing assistance to impoverished and disabled people, conducting cancer screening, etc., to secure the interest of all stakeholders; improving and strengthening corporate governance and standardizing governance of listed companies by optimizing the governance structure and reinforcing the internal control and risk management to further facilitate communications with both regulatory agents, such as the Stock Exchange, and Shareholders, maintain transparency on information and create values for our Shareholders.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue was generated primarily from (i) operating private for-profit hospitals; (ii) operating radiotherapy business in self-owned hospitals and third-party radiotherapy business; and (iii) other business.

The Group's revenue increased by 65.2% to RMB2,315.3 million for the year ended December 31, 2021 from RMB1,401.8 million for the year ended December 31, 2020.

Hospital Business

The Group's revenue from hospital business, accounting for 92.9% of the Group's total revenue, increased by 73.0% to RMB2,150.2 million for the year ended December 31, 2021 from RMB1,243.2 million for the year ended December 31, 2020. The increase in revenue from hospital business was primarily attributable to (i) the continuous growth of revenue from existing hospitals due to business expansion; and (ii) the continuous increase in revenue from increased coverage expansion through acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital.

Third-party Radiotherapy Business

The Group's revenue from third-party radiotherapy business, accounting for 6.8% of the Group's total revenue, increased by 5.0% to RMB158.4 million for the year ended December 31, 2021 from RMB150.8 million for the year ended December 31, 2020. Kaiyuan Jiehua Hospital, where Kaiyuan radiotherapy center is located, has become the self-owned hospital of the Group and its revenue has been incorporated into the Group's hospital business after the reform of not-for-profit hospital. Taking into no account of the impact of the aforesaid, the Group's revenue from the third-party radiotherapy business increased by 12.7% over last year.

Other Business

The Group's revenue from other business, accounting for 0.3% of the Group's total revenue, amounted to RMB6.7 million for the year ended December 31, 2021.

Cost of Revenue

During the Reporting Period, the Group's cost of revenue was primarily composed of pharmaceuticals, consumables and other inventories, employee benefits expenses, radiotherapy service fees, depreciation and amortization, consultancy and professional service fees.

The Group's cost of revenue increased by 69.0% to RMB1,557.9 million for the year ended December 31, 2021 from RMB921.7 million for the year ended December 31, 2020, which was primarily attributable to (i) the increasing cost of revenue due to the continuous growth of revenue from existing hospitals as a result of business expansion; and (ii) an increase in cost of revenue of RMB420.3 million due to the continuous increase in revenue from increased coverage expansion through acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 57.8% to RMB757.5 million for the year ended December 31, 2021 from RMB480.0 million for the year ended December 31, 2020.

The Group's gross profit margin decreased to 32.7% for the year ended December 31, 2021 from 34.2% for the year ended December 31, 2020, which was primarily attributable to the changes in the Group's revenue structure, of which the proportion of revenue from our hospital business increased to 92.9%. Leveraging on the Group's delicacy management and the advantage of business scale, the growth of such core business offset the impact of the termination of concessions of the social security and provident fund, while the gross profit margin rose steadily by 0.4% from 30.4% to 30.8%.

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 increased by 53.3% to RMB21.0 million for the year ended December 31, 2021 from RMB13.7 million for the year ended December 31, 2020, which was primarily attributable to (i) the increasing selling expenses due to the continuous growth of revenue from existing hospitals as a result of business expansion; and (ii) an increase in selling expenses of RMB4.0 million due to the continuous increase in revenue from increased coverage expansion through acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses primarily consisted of employee benefits expenses, consultancy and professional service fees, depreciation and amortization, travelling expenses, vehicle and office expenses, utilities, cleaning and afforestation expenses, repair and maintenance expenses and taxation expenses.

The Group's administrative expenses increased by 49.4% to RMB228.5 million for the year ended December 31, 2021 from RMB152.9 million for the year ended December 31, 2020, which was primarily attributable to (i) the increasing administrative expenses due to the continuous growth of revenue from existing hospitals as a result of business expansion; and (ii) an increase in administrative expenses of RMB39.7 million due to the continuous increase in revenue from increased coverage expansion through acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital.

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 in its consolidated statement of comprehensive income upon receipt; and (ii) grants that are related to assets and are recognized as deferred revenue in its consolidated statement of financial position upon receipt, 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 90.5% to RMB16.0 million for the year ended December 31, 2021 from RMB8.4 million for the year ended December 31, 2020, primarily due to the increase in income from government grants of RMB7.0 million.

Other Gains/(Losses) — Net

During the Reporting Period, the Group's other gains/(losses) — net were primarily composed of income from wealth management products and structured deposit products, foreign exchange gains/(losses), gains from the appreciation in valuation of assets arising from the reform of not-for-profit hospital and losses on disposal of property, plant and equipment. The Group recorded other gains — net of RMB69.8 million for the year ended December 31, 2021 and other losses — net of RMB21.5 million for the year ended December 31, 2020, with other gains increased by RMB91.3 million in aggregate, primarily because of (i) the gains from the appreciation in valuation of assets arising from the reform of not-for-profit hospital, Kaiyuan Jiehua Hospital for the year ended December 31, 2021; and (ii) the entering into a redemption date deferral agreement of redeemable Shares by the Group in February 2020.

Finance Income and Costs

During the Reporting Period, the Group's finance income was primarily composed of interest income on bank deposits. Finance income increased to RMB2.2 million for the year ended December 31, 2021 from RMB0.5 million for the year ended December 31, 2020.

The Group's finance costs were mainly comprised of the Group's interest expenses on bank borrowings and interest expenses on lease liabilities. The Group's finance costs decreased by 52.1% to RMB23.1 million for the year ended December 31, 2021 from RMB48.2 million for the year ended December 31, 2020, primarily due to (i) the interest expenses arising from borrowings of RMB23.0 million for the year ended December 31, 2021, while the interest expenses of borrowings were nil for the year ended December 31, 2020; and (ii) the interest expenses of redeemable Shares of RMB48.0 million for the year ended December 31, 2020. As the redeemable Shares were converted into ordinary Shares on the Listing Date, this expense did not affect the net profits of the Group for 2021 and subsequent years.

Income Tax Expense

The Group's income tax expense increased by 58.2% to RMB119.6 million for the year ended December 31, 2021 from RMB75.6 million for the year ended December 31, 2020, primarily due to an increase of 54.4% in profits before tax after deduction of adjustment items that were not deductible for tax purposes in 2020, such as Listing expenses, impact of the deferral of the redemption date of redeemable Shares, interest expenses of redeemable Shares and share-based compensation expenses.

Net Profit and Non-IFRS Adjusted Net Profit

As a result of the foregoing, the Group's net profit increased by 155.9% to RMB453.2 million for the year ended December 31, 2021 from RMB177.1 million for the year ended December 31, 2020. The Group's net profit margin increased to 19.6% for the year ended December 31, 2021 from 12.6% for the year ended December 31, 2020. The Group defined non-IFRS 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, depreciation and amortization of the appreciation in valuation of assets arising from acquisitions of hospitals, gains from the appreciation in valuation of assets arising from the reform of not-for-profit hospital, interest expenses of redeemable Shares, Listing expenses and impact of the deferral of the redemption date of redeemable Shares. The Group's non-IFRS adjusted net profit increased by 42.5% to RMB450.6 million for the year ended December 31, 2021 from RMB316.1 million for the year ended December 31, 2020.

Non-IFRS Measures

To supplement the Group's consolidated statement of comprehensive income which is presented in accordance with IFRS, the Company has provided adjusted net profit as non-IFRS 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 comprehensive income 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 period to period 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 may not be comparable to similarly titled measures presented by other companies as they do not share a standardized meaning. The use of these non-IFRS measures has limitations as an analytical tool, as such, they should not be considered in isolation from, or as substitute for analysis of, the Group's consolidated statement of comprehensive income as reported under IFRS. You should not view the non-IFRS adjusted results on a stand-alone basis or as a substitute for results under IFRS.

The following table sets forth the reconciliations of the Group's non-IFRS financial measures for the years indicated to the nearest measures prepared in accordance with IFRS:

	Year ended December 31,	
	2021	2020
	(RMB'000)	*(RMB'000)*
Net profit	**453,203**	177,061
Adjustments:		
Share-based compensation expenses	**6,759**	4,072
Depreciation and amortization of the appreciation in valuation of assets arising from acquisitions of hospitals	**6,093**	—
Gains from the appreciation in valuation of assets arising from the reform of not-for-profit hospital	**(15,449)**	—
Impact of the deferral of the redemption date of redeemable Shares	**—**	57,852
Interest expenses of redeemable Shares	**—**	48,029
Listing expenses	**—**	29,068
Non-IFRS adjusted net profit	**450,606**	316,082

Liquidity and Capital Resources

The Group's capital requirements for its business operations and expansion plans include upgrading the existing in-network hospitals, establishing and acquiring new hospitals and other working capital requirements. As of December 31, 2021, the Group had cash and cash equivalents of RMB707.1 million, as well as structured deposit products and wealth management products of RMB397.4 million.

Cash Flow

Operating Activities

The Group derived its cash inflow from operating activities primarily through provision of healthcare services, operation of third-party radiotherapy centers, etc.. 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 44.0% to RMB426.3 million for the year ended December 31, 2021 from RMB296.1 million for the year ended December 31, 2020, primarily attributable to the increase in the overall revenue of the Group.

Investing Activities

The Group's cash used in investing activities was mainly comprised of payments for acquisition of subsidiaries, payments for purchases of property, plant and equipment and payments for purchases of 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 decreased by 65.7% to RMB850.8 million for the year ended December 31, 2021 from RMB2,477.6 million for the year ended December 31, 2020, primarily attributable to (i) the payment for acquisition of subsidiaries by the Group of RMB2,047.9 million for the year ended December 31, 2021, as compared to that of nil for the year ended December 31, 2020; and (ii) the increase in net cash flow of redemption/(proceeds) of wealth management products and structured deposit products by RMB3,999.6 million over last year.

Financing Activities

During the Reporting Period, cash inflow from financing activities was mainly comprised of proceeds from bank borrowings. Cash outflow from the Group's financing activities was mainly comprised of repayment of bank borrowings, payment of interests on bank borrowings, payments for acquisition of additional shares of a subsidiary, payment of dividends to the Company's shareholders and payments of lease liabilities.

The Group's net cash generated from financing activities decreased by 65.3% to RMB754.5 million for the year ended December 31, 2021 from RMB2,174.5 million for the year ended December 31, 2020, primarily due to the proceeds from bank borrowings of RMB1,186.9 million acquired by the Group in respect of acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital in 2021 and the proceeds from the Listing and over-allotment of RMB2,323.0 million in 2020.

Significant Investments, Material Acquisitions and Disposals

On April 25, 2021, the Group announced the acquisition of all the equity interest in Etern Group Ltd., pursuant to which the Group became indirectly interested in 98% of Suzhou Yongding Hospital's equity interest. The acquisition of Etern Group Ltd. was completed on April 28, 2021.

On May 26, 2021, the Group announced the acquisition of 99% equity interest in Hezhou Guangji Hospital, which was completed on July 7, 2021.

On June 24, 2021 and December 21, 2021, the Group announced the acquisitions of approximately 17.62% and 0.82% equity interests in Shanxian Hygeia Hospital, respectively. The acquisitions of the aforesaid equity interests were completed on July 12, 2021 and December 31, 2021, respectively.

Save as disclosed above, the Group did not have any other material acquisition or disposal for the year ended December 31, 2021.

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 105.7% to RMB669.0 million for the year ended December 31, 2021 from RMB325.2 million for the year ended December 31, 2020, which was primarily attributable to the payments of land costs for the construction of subordinate hospitals of RMB87.8 million and construction costs for subordinate hospitals of RMB359.2 million in 2021.

Financial Position

Total Assets and Total Liabilities

As of December 31, 2021, 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, property, plant and equipment and intangible assets. The Group's total assets increased by 42.2% to RMB6,686.9 million as of December 31, 2021 from RMB4,701.3 million as of December 31, 2020, primarily due to the bank borrowings of RMB1,186.9 million acquired by the Group in respect of acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital in aggregate.

As of December 31, 2021, the Group's total liabilities mainly consisted of borrowings, trade and other payables, current income tax liabilities, deferred income tax liabilities, deferred revenue and contract liabilities. The Group's total liabilities increased by 513.8% to RMB2,209.2 million as of December 31, 2021 from RMB359.9 million as of December 31, 2020, which was primarily attributable to the bank borrowings of RMB1,186.9 million acquired by the Group in respect of acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital in aggregate.

Inventories

During the Reporting Period, the Group's inventories mainly consisted of pharmaceuticals, medical consumables and spare parts. The Group's inventories increased by 110.2% to RMB107.2 million as of December 31, 2021 from RMB51.0 million as of December 31, 2020, primarily due to the increase in the balance of consolidated financial statements of RMB45.2 million as a result of the Group's acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital.

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 73.9% to RMB445.2 million as of December 31, 2021 from RMB256.0 million as of December 31, 2020, primarily due to (i) the continuous growth of revenue from existing hospitals as a result of business expansion; and (ii) an increase in the balance of trade receivables due to the continuous increase in revenue from increased coverage expansion through acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital.

The Group's other receivables mainly represented deposits receivables. The Group's other receivables increased by 116.2% to RMB25.3 million as of December 31, 2021 from RMB11.7 million as of December 31, 2020.

The Group's prepayments for current assets mainly included prepayments to suppliers. The Group's prepayments for current assets increased by 231.8% to RMB29.2 million as of December 31, 2021 from RMB8.8 million as of December 31, 2020.

The Group's prepayments for non-current assets included prepayments for property, plant and equipment. Prepayments for property, plant and equipment represented 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 increased by 179.9% to RMB50.1 million as of December 31, 2021 from RMB17.9 million as of December 31, 2020, primarily due to the prepayments for construction and equipment in relation to the construction of Liaocheng Hygeia Hospital of RMB22.1 million as of December 31, 2021.

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 increased by 521.9% to RMB2,381.2 million as of December 31, 2021 from RMB382.9 million as of December 31, 2020, primarily due to the acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital, resulting in an increase of RMB1,934.9 million in the balance of goodwill. Upon joining the Group, benefiting from the advantages of extensive experience and management of resources of the Group in the operation of hospitals, oncology-related discipline construction and supply-chain management, Suzhou Yongding Hospital and Hezhou Guangji Hospital have been able to uphold the corporate vision of "making healthcare services more accessible and affordable and making life healthier (讓醫療更溫暖，讓生命更健康)", continue to strengthen their diagnosis and treatment capabilities and gradually improve their operational efficiency through various means, such as compensation and performance reforms, adjustments to revenue structure and investment of medical resources, and thereby resulting in a continuous improvement of the sense of achievement of the employees, as well as the satisfactory of the patients.

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 increased by 160.2% to RMB308.3 million as of December 31, 2021 from RMB118.5 million as of December 31, 2020, primarily due to the increase in the balance of consolidated financial statements of RMB144.3 million as a result of the Group's acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital.

The Group's other payables primarily represented salaries payables, other taxes payables, payables for construction projects, payables of considerations for acquisition of subsidiaries and prepayments received for radiotherapy equipment licensing. The Group's other payables increased by 257.1% to RMB424.2 million as of December 31, 2021 from RMB118.8 million as of December 31, 2020, primarily due to (i) the increase in the balance of consolidated financial statements of RMB192.3 million as a result of the Group's acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital; and (ii) the increase of RMB158.4 million in the payables for acquisition of subsidiaries as a result of the acquisitions of Suzhou Yongding Hospital, Hezhou Guangji Hospital and minority equity interests of Shanxian Hygeia Hospital.

Borrowings

As of December 31, 2021, the Group had outstanding short-term borrowings (being the portion of long-term borrowings acquired by acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital due within one year) of RMB34.4 million and long-term borrowings of RMB1,196.5 million, primarily due to (i) the bank borrowings of RMB1,186.9 million acquired by the Group in respect of acquisitions of Suzhou Yongding Hospital and Hezhou Guangji Hospital in aggregate; and (ii) the increase in the balance of consolidated financial statements of RMB44.0 million as a result of the Group's acquisition of Hezhou Guangji Hospital.

Pledge of Assets

Except for equity pledge of the Group mentioned in Note 14, the Group had no other pledged assets as of December 31, 2021.

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 182.6% to RMB32.5 million as of December 31, 2021 from RMB11.5 million as of December 31, 2020, primarily due to the increase in advances received from inpatients of RMB12.4 million as of December 31, 2021.

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, 2021 were primarily related to commitments for (i) the construction and decoration of its in-network hospitals; and (ii) the purchase of large equipment. The Group's capital commitments increased by 110.0% to RMB449.8 million as of December 31, 2021 from RMB214.2 million as of December 31, 2020, primarily due to the increase in the commitments related to the Chongqing Hygeia Hospital Phase II project of RMB163.5 million, the increase in the commitments related to the Shanxian Hygeia Hospital Phase II project of RMB125.6 million, and the decrease in the commitments related to the construction of Liaocheng Hygeia Hospital of RMB77.6 million, as of December 31, 2021.

Contingent Liabilities

As of December 31, 2021, 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, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities.

Financial Instruments

The financial instruments were mainly composed of cash and cash equivalents, amounts due from related parties, trade and other receivables excluding non-financial assets, trade and other payables excluding non-financial liabilities, lease liabilities and borrowings.

Gearing Ratio

Gearing ratio is calculated as net debt divided by total capital and multiplied by 100%. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital includes the capital (including "equity" as shown in the consolidated statement of financial position) plus net debt. As of December 31, 2021, the gearing ratio of the Group was 10.5%.

Foreign Exchange Risk

The Group's businesses are principally conducted in RMB. The majority of assets is denominated in RMB. The majority of non-RMB assets and liabilities are bank deposits, borrowings and other payables denominated in USD. The monetary assets and monetary liabilities denominated in foreign currency as of December 31, 2021 amounted to RMB7.8 million and RMB988.6 million, respectively. If RMB had strengthened/weakened by 5% against USD with all other variables held constant, the pre-tax profit for the year ended December 31, 2021 would have been approximately RMB49.0 million higher/lower. The Group has not used any derivative contracts to hedge against foreign exchange risk.

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 is exposed to credit risk in relation to its trade and other receivables, amounts due from related parties, financial assets at fair value through profit or loss and cash deposits at banks. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets. 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 this risk, financial assets at fair value through profit or loss and cash deposits are mainly placed with state-owned financial institutions in the PRC and reputable international financial institutions outside the PRC. There has been no recent history of default in relation to these financial institutions.

The Group's trade receivables are mainly from providing medical service to patients as well as providing services to the radiotherapy centers and trustee hospitals. The Group, being a provider of healthcare service to patients, has a highly diversified customer base, without any single customer contributing material revenue. However, the Group has concentrated debtor's portfolio, as majority patients will claim their medical bill from public medical insurance program. The reimbursement from these organizations may take one to twelve months. The Group has policy in place to ensure the treatments and medicines prescribed and provided to such insured patients are in line with respective organizations' policy, provided fulfilling all ethics and moral responsibilities as a healthcare provider. The Group also has controls to closely monitor the patients' billings and claim status to minimise the credit risk. For the receivables from the Radiotherapy and trustee hospitals, the Group has granted credit term of 0–90 days and would follow up actively on the settlement with respective counterparties to avoid any overdue receivables.

For other receivables and amounts due from related parties, management makes periodic collective assessments as well as individual assessment on the recoverability of such receivables 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 has resolved not to declare any final dividend for the year ended December 31, 2021.

PROCEEDS FROM GLOBAL OFFERING AND ITS UTILISATION

The Company issued 120,000,000 Shares in Global Offering at HK$18.50 which were listed on the Main Board of the Stock Exchange on June 29, 2020 and subsequently issued 18,000,000 Shares at HK$18.50 upon full exercise of the over-allotment option.

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 and the unutilized net proceeds were kept at the bank accounts of the Group as at December 31, 2021.

Reference is made to the Prospectus and announcement dated May 26, 2021.

Details on the applications of net proceeds from the Listing (adjusted on a pro rata bases based on the actual net proceeds) were disclosed in the Prospectus and subsequently revised and disclosed in the Company's announcement dated May 26, 2021. The following table sets out the revised applications of net proceeds, actual usage up to December 31, 2021 as well as the expected timeline for utilization:

	Planned applications	Revised applications	Amount utilized	Remaining amount	Expected timeline for full utilisation(1)
	HK$ in million	*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	1,435.1	985.1	794.0	191.1	By the end of 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	717.6	1,167.6	1,167.6	—	N/A
Upgrading information technology systems	119.6	119.6	6.3	113.3	By the end of June 2024
Working capital and other general corporate purposes	119.6	119.6	119.6	—	N/A
Total	**2,391.9**	**2,391.9**	**2,087.5**	**304.4**	

Note:

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.

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

As of December 31, 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Subsequent to the Reporting Period, the Company repurchased a total of 1,275,800 Shares on the Hong Kong Stock Exchange with an aggregate amount of HK$44,047,580 in January 2022 and February 2022. As of the date of this announcement, the repurchased Shares had been cancelled by the Company.

Details of the Shares repurchased after the end of the Reporting Period are as follows:

Month of repurchases	Number of Shares purchased on the Hong Kong Stock Exchange	Price paid per Share		Aggregate purchase price
		Highest	Lowest	
January 2022	1,064,200	HK$34.95	HK$33.95	HK$36,964,560
February 2022	211,600	HK$33.95	HK$33.15	HK$7,083,020
Total	**1,275,800**			**HK$44,047,580**

Save as the abovementioned repurchases of Shares, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2021, the Group had 5,077 full-time employees, among which 77 were employees at the headquarters level and 5,000 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		
Operations	37	0.7
Manufacturing	18	0.4
Management, administrative and others	22	0.4
Sub-total	77	1.5
Self-owned hospitals		
Physicians	1,219	24.0
Other medical professionals	2,731	53.8
Management, administrative and others	1,050	20.7
Sub-total	5,000	98.5
Total	5,077	100.0

In addition, as of December 31, 2021, the Group's Managed Hospital in operation had an aggregate of 132 full-time employees, including 43 physicians, 49 other medical professionals and 40 management, administrative and other personnel.

For the year ended December 31, 2021, total staff remuneration expenses including Directors' remuneration amounted to RMB718.6 million (for the year ended December 31, 2020: RMB407.8 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 burdened 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 the applicable code provisions of the CG Code throughout the year ended December 31, 2021 (except as disclosed below).

On July 6, 2021, the Company appointed Mr. Zhu Yiwen as the Chairman of the Board and on August 23, 2021, the Company redesignated Mr. Zhu Yiwen from a non-executive Director to an executive Director and appointed him to be the Chief Executive Officer of the Company. Upon the appointment, Mr. Zhu assumes the dual role as the Chairman of the Board and the Chief Executive Officer of the Company. Accordingly, notwithstanding that the Code provision A.2.1 of the CG Code (which has been renumbered as code provision C.2.1 since January 1, 2022) provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, the Board is of the view that with support of the mature structure of the Company with a strict operational system and a set of procedural rules for the Board meetings, the Chairman does not have any power different from that of other Directors in relation to the decision making process. Moreover, the Company has also implemented an integrated system and a structured procedure to daily operations of the Group which ensure the diligence and efficiency of the Chief Executive Officer. As such, the Board believes that the management structure of the Company will ensure management efficiency and at the same time, protect the rights of all shareholders of the Company to the greatest extent. The Board will continue to review the effectiveness of the corporate governance structure to consider whether any further improvement to the above personnel arrangements is required.

In view of the above, the Board considers that such structure will not impair the balance of power and authority between the Board and the management of the Group. The Board will continue to review the corporate governance structure and practices from time to time and shall make necessary arrangement when the Board considers appropriate.

COMPLIANCE WITH 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 year ended December 31, 2021. 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 year ended December 31, 2021.

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 three independent non-executive Directors, being Mr. Ye Changqing (chairman of the Audit Committee), Mr. Liu Yanqun and Mr. Chen Penghui. 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, 2021, 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, 2021 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, 2021. 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 EVENT

Subsequent to December 31, 2021, the Company repurchased a total of 1,275,800 Shares on the Hong Kong Stock Exchange with an aggregate amount of HK$44,047,580. The Shares were repurchased in January 2022 and February 2022. As of the date of this announcement, the repurchased Shares had been cancelled by the Company.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on June 28, 2022. 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, 2022 to June 28, 2022, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM. During such period, no transfers 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, 2022 will be June 28, 2022. 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, 2022.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT 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 2021 annual report containing all the information required by the Listing Rules will be dispatched 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 December 31, 2021 together with the comparative figures for the same period in 2020:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
	Notes	**2021**	2020
		RMB'000	*RMB'000*
Revenue	*3*	**2,315,349**	1,401,764
Cost of revenue	*3, 6*	**(1,557,850)**	(921,721)
Gross profit		**757,499**	480,043
Selling expenses	*6*	**(20,976)**	(13,738)
Administrative expenses	*6*	**(228,523)**	(152,902)
Other income	*4*	**16,012**	8,410
Other gains/(losses) — net	*5*	**69,763**	(21,529)
— *Other losses-effect of deferral of the redemption date of redeemable shares*	*5*	**—**	(57,852)
— *Other gains-others*	*5*	**69,763**	36,323
Operating profit		**593,775**	300,284
Finance income	*7*	**2,155**	498
Finance costs	*7*	**(23,085)**	(48,170)
— *Finance costs-interest expenses of redeemable shares*	*7*	**—**	(48,029)
— *Finance costs-others*	*7*	**(23,085)**	(141)
Finance costs-net	*7*	**(20,930)**	(47,672)
Profit before income tax		**572,845**	252,612
Income tax expense	*8*	**(119,642)**	(75,551)
Profit and total comprehensive income for the year		**453,203**	177,061

	Notes	Year ended December 31, 2021 RMB'000	2020 RMB'000
Profit and total comprehensive income attributable to			
— Owners of the Company		**441,457**	170,085
— Non-controlling interests		**11,746**	6,976
Earnings per share (expressed in RMB per share)			
— Basic earnings per share *(in RMB)*	*9*	**0.71**	0.38
— Diluted earnings per share *(in RMB)*	*9*	**0.71**	0.38

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at December 31, 2021	2020
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**2,517,144**	1,365,850
Intangible assets		**2,381,150**	382,940
Prepayments for non-current assets	*12*	**50,082**	17,885
Deferred income tax assets		**17,790**	12,289
Total non-current assets		**4,966,166**	1,778,964
Current assets			
Inventories		**107,180**	50,957
Trade, other receivables and prepayments	*12*	**499,663**	276,530
Amounts due from related parties		**9,460**	12,824
Financial assets at fair value through profit or loss	*11*	**397,400**	2,196,926
Cash and cash equivalents	*10*	**707,069**	385,104
Total current assets		**1,720,772**	2,922,341
Total assets		**6,686,938**	4,701,305
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	*13*	**7,082,915**	7,123,502
Shares held for employee share scheme		**—**	—*
Other reserves		**(2,929,602)**	(2,747,909)
Retained earnings/(accumulated losses)		**303,141**	(107,826)
		4,456,454	4,267,767
Non-controlling interests		**21,258**	73,610
Total equity		**4,477,712**	4,341,377

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
	Notes	**2021**	2020
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*14*	**1,196,478**	—
Deferred income tax liabilities		**115,250**	43,599
Deferred revenue		**34,431**	26,690
Lease liabilities		**416**	807
Other non-current liabilities		**8,044**	7,880
Total non-current liabilities		**1,354,619**	78,976
Current liabilities			
Trade and other payables	*15*	**732,461**	237,268
Amounts due to related parties		**48**	—
Contract liabilities		**32,485**	11,456
Current income tax liabilities		**54,848**	30,551
Lease liabilities		**392**	1,677
Borrowings	*14*	**34,373**	—
Total current liabilities		**854,607**	280,952
Total liabilities		**2,209,226**	359,928
Total equity and liabilities		**6,686,938**	4,701,305

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 Company and its subsidiaries (collectively, the "**Group**") are principally engaged in the Businesses (as described in below (i), (ii) and (iii)), 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 ((a), (b), (c) collectively referred as the "**Radiotherapy Business**")

(iii) Provision of management services to private not-for-profit hospitals and sales of pharmaceutical, medical consumables and medical equipments to third parties (the "**Other 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 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, 2021 but do not have a material impact on the Group

		Effective for annual periods beginning on or after
Amendments to IFRS 16	COVID-19-related Rent Concessions	June 1, 2020/ April 1, 2021*
Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform — Phase 2	January 1, 2021

* Applicable to reporting periods commencing on or after the given date.

(iv) New standards and interpretations not yet been adopted

		Effective for annual periods beginning on or after
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 to IFRS 1, IFRS 9, IAS 41 and IFRS 16	Annual improvements to IFRS Standards 2018 to 2020	January 1, 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	January 1, 2022
Amendments to IAS 1	Classification of liabilities as current or non-current	January 1, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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

— Other 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 assesses 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, 2021				
	Hospital Business	Radiotherapy Business	Other Business	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**2,150,190**	**158,425**	**6,734**	**—**	**2,315,349**
Cost of revenue	**(1,488,454)**	**(64,903)**	**(4,493)**	**—**	**(1,557,850)**
Gross profit	**661,736**	**93,522**	**2,241**	**—**	**757,499**
Selling expenses	**(20,976)**	**—**	**—**	**—**	**(20,976)**
Administrative expenses	**(174,811)**	**(20,028)**	**—**	**(33,684)**	**(228,523)**
Other income	**10,155**	**4,480**	**—**	**1,377**	**16,012**
Other gains/(losses) — net	**16,542**	**(3,246)**	**669**	**55,798**	**69,763**
Segment profit	**492,646**	**74,728**	**2,910**	**23,491**	**593,775**
Finance income					**2,155**
Finance costs					**(23,085)**
Finance costs — net					**(20,930)**
Profit before income tax					**572,845**
As at December 31, 2021					
Assets					
Segment Assets	**3,252,184**	**138,091**	**24,042**	**1,019,555**	**4,433,872**
Goodwill	**2,235,276**	**—**	**—**	**—**	**2,235,276**
Deferred income tax assets					**17,790**
Total Assets					**6,686,938**
Liabilities					
Segment Liabilities	**2,032,214**	**45,793**	**—**	**15,969**	**2,093,976**
Deferred income tax liabilities					**115,250**
Total Liabilities					**2,209,226**
Other segment information					
Depreciation of property, plant, and equipment	**92,986**	**10,597**	**—**	**2,379**	**105,962**
Amortization of intangible assets	**6,704**	**—**	**1,364**	**417**	**8,485**
Additions of non-current assets except for goodwill and deferred income tax assets	**1,386,990**	**12,761**	**—**	**384**	**1,400,135**

	Hospital Business	Radiotherapy Business	Hospital Management Business	Unallocated	Total
	Year ended December 31, 2020				
	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
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

(b) Revenue by business line and nature

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Hospital Business		
— Outpatient services	**741,352**	373,137
— Inpatient services	**1,408,838**	870,088
Radiotherapy Business		
— Radiotherapy center consulting services	**51,774**	50,839
— Radiotherapy equipment licensing	**58,776**	58,955
— Radiotherapy equipment maintenance services	**46,459**	41,021
— Radiotherapy equipment sales	**1,416**	—
Other Business		
— Other business revenue	**6,734**	7,724
Total revenue	**2,315,349**	1,401,764
Including revenue from contracts with customers	**2,256,573**	1,342,809

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,	
	2021	2020
	RMB'000	*RMB'000*
— Inpatient services	**103,277**	62,329
— Radiotherapy center consulting services	**51,774**	50,839
— Radiotherapy equipment maintenance services	**27,930**	28,786
— Other business revenue	**2,673**	7,724
Over time	**185,654**	149,678
— Inpatient services	**1,305,561**	807,759
— Outpatient services	**741,352**	373,137
— Radiotherapy equipment maintenance services	**18,529**	12,235
— Radiotherapy equipment sales	**1,416**	—
— Other business revenue	**4,061**	—
At a point in time	**2,070,919**	1,193,131
Revenue from contracts with customers	**2,256,573**	1,342,809

(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 years end December 31, 2021 and 2020.

4 OTHER INCOME

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Government grants (a)	**14,593**	7,575
Others	**1,419**	835
	16,012	8,410

(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 GAINS/(LOSSES) — NET

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Realised and unrealised gains on financial assets at FVPL	**46,279**	43,108
Gain on bargain purchase	**15,449**	—
Net foreign exchange gains/(losses)	**9,812**	(1,324)
Losses on disposal of property, plant and equipment, and intangible assets	**(3,371)**	(1,779)
Effect of deferral of the redemption date of redeemable shares	**—**	(57,852)
Others	**1,594**	(3,682)
	69,763	(21,529)

6 EXPENSES BY NATURE

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Employee benefits expenses	**718,587**	407,752
Cost of pharmaceutical, consumables and other inventories	**649,770**	342,461
Depreciation and amortization	**114,447**	77,540
Consultancy and professional service fees	**92,745**	61,265
Radiotherapy service fees	**76,589**	70,632
Utilities, cleaning and afforestation expenses	**43,126**	24,044
Travelling, entertainment, vehicle and office expenses	**27,776**	21,116
Repair and maintenance expenses	**12,843**	8,085
Taxation expenses	**11,233**	6,122
Marketing and promotion expenses	**6,292**	4,642
Auditor's remuneration		
— Audit	**5,450**	4,350
— Non-audit	**—**	300
Rental expenses	**2,134**	3,354
Expenses in relation to the Listing	**—**	32,267
Other expenses	**46,357**	24,431
	1,807,349	1,088,361

7 FINANCE COSTS — NET

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Finance income		
Interest income of bank savings	**2,155**	498
Finance costs		
Interest expense on borrowings	**(22,976)**	—
Interest expense on lease liabilities	**(109)**	(141)
Interest expense of redeemable shares	**—**	(48,029)
	(23,085)	(48,170)
Finance costs — net	**(20,930)**	(47,672)

8 INCOME TAX EXPENSE

(a) Income tax expense

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Current income tax		
— PRC corporate income tax	**104,591**	58,837
Deferred income tax	**15,051**	16,714
	119,642	75,551

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 is 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 the 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 subsidiaries, Chongqing Hygeia Cancer Hospital Co., Ltd., Hezhou Guangji Hospital Co., Ltd. and Kaiyuan Jiehua Hospital Co.,Ltd. (Hereinafter, "Kaiyuan Jiehua Hospital" represents for the pre-reform non-profit entity while "Kaiyuan Jiehua Hospital Co., Ltd." represents for the post-reform entity which is consolidated by the Group), were established in the western region of the PRC. Pursuant to the relevant laws and regulations, entities located in the western region of the PRC and engaged in the business encouraged by the PRC government are entitled to the concession rate of 15% if the operating revenue of the encouraged business in a year accounted for more than 70% of the total income in that year. The construction and service of general medical facilities business of the above entities compliances with the policies which are subject to a tax concession rate of 15% for the years ended December 31, 2021 and 2020.

The Company's subsidiary, Shanghai Gamma Star Technology Development Co., Ltd. ("**Gamma Star Tech**"), was approved as "High and New Technology Enterprise" on November 12, 2020 (valid for 3 years). Under the relevant tax rules and regulations of the PRC, and accordingly, Gamma Star Tech is subjected to a reduced preferential CIT rate of 15% for the years ended December 31, 2021 and 2020. Based on management's self-assessment and their track record of success in obtaining such types of qualifications, Gamma Star Tech will qualify as a "High and New Technology Enterprise" after the expire date and thus will further be subjected to a 15% preferential tax rate.

Withholding tax on undistributed profits

According to the relevant tax rules and regulations of the PRC, distribution to foreign investors of profits earned by PRC companies since January 1, 2008 is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investors' foreign incorporated immediate holding companies. As of 31 December, 2021, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside the PRC, for which no deferred income tax liability had been provided, were approximately RMB551,532,000 (December 31, 2020: RMB94,908,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's best estimates of the Group's overseas funding requirements.

(b) Numerical reconciliation of income tax expense

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Profit before income tax	**572,845**	252,612
Tax calculated at applicable statutory tax rate of 25%	**143,211**	63,153
Effect of different tax rates	**(25,905)**	9,787
Items not deductible for tax purposes	**3,613**	3,842
Additional deduction on research and development expenses	**(1,277)**	(1,231)
	119,642	75,551

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, 2021 and 2020.

	Year ended December 31,	
	2021	2020
Profit attributable to owners of the Company *(RMB'000)*	**441,457**	170,085
Weighted average number of shares in issue	**618,000,000**	446,620,837
Basic earnings per share *(in RMB)*	**0.71**	0.38

(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. As the exercise of the share options would increase the profit for the years ended December 31, 2021, those share options were not included in the calculation of the diluted earnings per share as their inclusion would be anti-dilutive.

	Year ended December 31,	
	2021	2020
Profit attributable to owners of the Company *(RMB'000)*	**441,457**	170,085
Diluted profit attributable to owners of the Company *(RMB'000)*	**441,457**	170,085
Weighted average number of shares in issue	**618,000,000**	446,620,837
Adjustments for restricted share scheme	**—**	2,845,912
Weighted average number of shares for calculating diluted earnings per share	**618,000,000**	449,466,749
Diluted earnings per share *(in RMB)*	**0.71**	0.38

10 CASH AND CASH EQUIVALENTS

	As at December 31,	
	2021	2020
	RMB'000	*RMB'000*
Cash at bank and in hand	**707,069**	385,104
	707,069	385,104

Cash and deposits were denominated in the following currencies:

	As at December 31,	
	2021	2020
	RMB'000	*RMB'000*
RMB	**699,308**	384,184
USD	**7,722**	882
HKD	**39**	38
	707,069	385,104

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,	
	2021	2020
	RMB'000	*RMB'000*
Structured deposit products	**200,027**	691,756
Wealth management products	**197,373**	1,505,170
	397,400	2,196,926

As part of the Group's cash management to maximise return on idle cash, the Group invested in certain structured deposit products and wealth management products issued by several PRC commercial banks.

The structured deposit products and wealth management products of banks are denominated in RMB, with expected rates of returns ranging from 0.8%–4.2% per annum for the year ended December 31, 2021 (December 31, 2020: 0.35%–7.31%).

12 TRADE, OTHER RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2021	2020
	RMB'000	*RMB'000*
Included in current assets		
Trade receivables (a)	**445,218**	256,012
Other receivables		
— Deposits receivables	**11,922**	5,547
— Others	**13,360**	6,128
	25,282	11,675
Prepayments to suppliers	**29,163**	8,843
	499,663	276,530
Included in non-current assets		
Prepayments for property, plant and equipment	**50,082**	17,885
	549,745	294,415

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

	As at December 31,	
	2021	2020
	RMB'000	*RMB'000*
Within 90 days	**323,128**	177,974
91 to 180 days	**67,296**	45,545
181 to 365 days	**38,880**	29,478
1 to 2 years	**13,955**	2,393
2 to 3 years	**1,409**	622
3 to 4 years	**550**	—
	445,218	256,012

For trade receivables, 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.

13 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:				
At January 1, 2021 and December 31, 2021	5,000,000,000	50,000.0	—	—
Issued and fully paid:				
At January 1, 2021	618,000,000	6,180.0	42	7,123,460
Dividends	—	—	—	(74,081)
Exercise of employee share scheme	—	—	—	33,494
At December 31,2021	618,000,000	6,180.0	42	7,082,873
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	462,758,440	4,627.6	33	(33)
Shares issued pursuant to the IPO	120,000,000	1,200.0	8	2,024,247
Shares issued upon over-allotment	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

14 BORROWINGS

	As at December 31,	
	2021	2020
	RMB'000	*RMB'000*
Bank borrowings	**1,230,851**	—
	1,230,851	—
Included in non-current liabilities:		
— Long-term bank borrowings-secured (a)	**1,230,851**	—
Less: current portion	**(34,373)**	—
	1,196,478	—
Included in current liabilities:		
— Current portion of long-term bank borrowings	**34,373**	—
	34,373	—
Total	**1,230,851**	—

(a) Except for a bank borrowing of RMB44,000,000 (2020: Nil) as at 31 December 2021, the remaining long term bank borrowings were secured by equity pledge of certain subsidiaries of the Group.

15 TRADE AND OTHER PAYABLES

	As at December 31,	
	2021	2020
	RMB'000	*RMB'000*
Trade payables (a)	**308,296**	118,452
Salaries payable	**187,592**	61,357
Payables of considerations for acquisition equity interest of subsidiaries	**158,525**	720
Deposits payable	**3,962**	4,080
Other taxes payable	**10,869**	9,587
Payables of surcharge for tax overdue payment	**8,247**	7,578
Payables for construction projects	**21,043**	15,515
Prepayments received for radiotherapy equipment licensing	**9,044**	10,659
Payables for intangible assets acquisition	**—**	206
Others	**24,883**	9,114
	732,461	237,268

(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,	
	2021	2020
	RMB'000	*RMB'000*
0 to 90 days	**249,008**	100,135
91 to 180 days	**40,852**	8,253
181 to 365 days	**7,380**	2,783
Over 1 year	**11,056**	7,281
	308,296	118,452

16 DIVIDENDS

During the year ended December 31, 2021, a final dividend of RMB0.12 per share for the year ended December 31, 2020 was declared to owners of the Company. The aggregate amount of the final dividends declared amounted to RMB74,081,000 (the year ended December 31, 2021: Nil). The dividends were paid on July 30, 2021.

DEFINITIONS AND GLOSSARY

"AGM"	annual general meeting 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
"Chairman"	the Chairman of the Board
"Changshu Hygeia Hospital"	Changshu Hygeia Hospital Co., Ltd.* (常熟海吉亞醫院有限公司), a limited liability company established in the PRC on June 29, 2021 and a subsidiary of the Company
"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
"China" or "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 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

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"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
"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
"Directors"	director(s) of the Company
"Eligible Persons"	any director or employee of the Group and any medical expert who in the sole discretion of the Board has contributed or will contribute to the Group

"Existing Contractual Arrangements"	the series of contractual arrangements, as the case may be, entered into by, among others, Xiangshang Investment, Hygeia Hospital Management, Gamma Star Tech and the VIE Hospitals, details of which are described in the section headed "Contractual Arrangements" in the Prospectus and in the section headed "The New Contractual Arrangements" in the announcement of the Company dated June 24, 2021
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent third party
"FTSE Russell"	FTSE Russell, being the second largest index compilation company globally
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group"	the Company together with its subsidiaries
"HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"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 the Group's Managed Hospital
"Hezhou Guangji Hospital"	Hezhou Guangji Hospital Co., Ltd. (賀州廣濟醫院有限公司), a limited liability company incorporated under the laws of the PRC on March 4, 2020 and a subsidiary of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards

"Kaiyuan Jiehua Hospital"	Kaiyuan Jiehua Hospital Co., Ltd.* (開遠解化醫院有限公司), a limited liability company established in the PRC on May 31, 2021, a non-wholly owned subsidiary of the Company
"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
"Longyan Hygeia Hospital"	Longyan Hygeia Hospital Co., Ltd. (龍岩海吉亞醫院有限公司), a limited liability company established in the PRC on June 7, 2021 and a subsidiary of the Company
"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 Hospital"	Handan Renhe Hospital
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Zhu"	Mr. Zhu Yiwen (朱義文), father of Ms. Zhu, the founder of the Group, Chairman and executive Director, and one of the Controlling Shareholders

"Ms. Zhu"	Ms. Zhu Jianqiao (朱劍喬), daughter of Mr. Zhu and one of the Controlling Shareholders
"MSCI"	MSCI, being the index compilation company with its headquarters in the United States
"NHC/National Health Commission"	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
"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 that the Group provides 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"	from January 1, 2021 to December 31, 2021
"RMB" or "Renminbi"	the lawful currency of the PRC
"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 by virtue of the Existing Contractual Arrangements

"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
"Suzhou Yongding Hospital"	Suzhou Yongding Hospital Co., Ltd. (蘇州永鼎醫院有限公司), a for-profit class II general hospital in Suzhou and a subsidiary of the Company
"Wuxi Hygeia Hospital"	Wuxi Hygeia Hospital Co., Ltd. (無錫海吉亞醫院有限公司), a limited liability company established in the PRC on July 22, 2020 and a subsidiary of the Company

By order of the Board
Hygeia Healthcare Holdings Co., Limited
Mr. Zhu Yiwen
Chairman

Hong Kong, March 30, 2022

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

** For identification purpose only*