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, 2023

FINANCIAL HIGHLIGHTS

Revenue of the Group increased by 27.6% to RMB4,076.7 million for the year ended December 31, 2023 from RMB3,195.6 million for the year ended December 31, 2022.

Net profit of the Group increased by 42.1% to RMB684.9 million for the year ended December 31, 2023 from RMB481.9 million for the year ended December 31, 2022.

Basic earnings per share of the Group increased by 40.3% to RMB1.08 for the year ended December 31, 2023 from RMB0.77 for the year ended December 31, 2022.

The Board has resolved not to declare any final dividend for the year ended December 31, 2023.

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 are not required by, or presented in accordance with, IFRS. The Company believes that the non-IFRS 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 non-IFRS 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,	
	2023	2022
	(RMB'000)	*(RMB'000)*
Revenue	**4,076,680**	3,195,648
Cost of revenue	**(2,790,428)**	(2,167,095)
Gross profit	**1,286,252**	1,028,553
Selling expenses	**(50,567)**	(26,091)
Administrative expenses	**(412,183)**	(296,927)
Other income	**50,674**	21,336
Other gains/(losses) — net	**14,928**	(60,050)
Operating profit	**889,104**	666,821
Finance income	**10,153**	17,318
Finance costs	**(43,170)**	(40,828)
Finance costs — net	**(33,017)**	(23,510)
Profit before income tax	**856,087**	643,311
Income tax expense	**(171,139)**	(161,435)
Net profit	**684,948**	481,876
Non-IFRS adjusted net profit(1)	**713,445**	607,013

Note:

(1) Adjustments to the net profit for the year ended December 31, 2023 include: (i) share-based compensation expenses of RMB29,250 thousand; (ii) depreciation and amortization of the appreciation in valuation of assets arising from acquisitions of hospitals of RMB10,413 thousand; and (iii) net foreign exchange gains of RMB(11,166) thousand. Adjustments to the net profit for the year ended December 31, 2022 include: (i) share-based compensation expenses of RMB38,085 thousand; (ii) depreciation and amortization of the appreciation in valuation of assets arising from acquisitions of hospitals of RMB9,780 thousand; and (iii) net foreign exchange losses of RMB77,272 thousand.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended December 31, 2023, the revenue of the Group was RMB4,076.7 million, representing an increase of 27.6% over the same period of last year and a year-on-year increase in revenue of 34.0% after excluding the one-off impact of the nucleic acid tests. The gross profit of the Group was RMB1,286.3 million, representing an increase of 25.1% over the same period of last year and a year-on-year increase in gross profit of 36.0% after excluding the one-off impact of the nucleic acid tests. The net profit of the Group was RMB684.9 million, representing an increase of 42.1% over the same period of last year and a year-on-year increase in net profit of 63.6% after excluding the one-off impact of the nucleic acid tests. The basic earnings per share of the Group was RMB1.08, representing an increase of 40.3% over the same period of last year and a year-on-year increase in basic earnings per share of 61.2% after excluding the one-off impact of the nucleic acid tests. The non-IFRS adjusted net profit of the Group was RMB713.4 million, representing an increase of 17.5% over the same period of last year and a year-on-year increase in adjusted net profit of 31.1% after excluding the one-off impact of the nucleic acid tests.

The Group adhered to its business strategy focusing on oncology healthcare and addressed the unmet demand of oncology patients in China through operating hospitals focusing on oncology. As of December 31, 2023, the Group managed or operated 15 oncology-focused hospitals covering 12 cities in 8 provinces in China.

The Group adhered to 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 has always put patient benefits first, continuously improved the quality of its medical services and its service standards. The reputation of the in-network hospitals among the patient pool and the brand influence have been steadily enhanced, and the number of patient visits of the Group has continued to increase, with the overall revenue maintaining strong growth.

The following table sets forth a breakdown of revenue of the Group by service offerings for the years indicated:

	Year ended December 31,			
	2023		2022	
	(RMB'000)	***% of revenue***	*(RMB'000)*	*% of revenue*
Hospital business				
— Outpatient services	**1,351,356**	**33.1**	1,097,754	34.3
— Inpatient services	**2,538,937**	**62.3**	1,929,506	60.4
Sub-total	**3,890,293**	**95.4**	3,027,260	94.7
Other business	**186,387**	**4.6**	168,388	5.3
Total	**4,076,680**	**100.0**	3,195,648	100.0

Hospital Business

For the year ended December 31, 2023, the Group's revenue from its hospital business was RMB3,890.3 million, representing an increase of 28.5% over last year and a year-on-year increase in revenue from its hospital business of 35.4% after excluding the one-off impact of the nucleic acid tests. For the year ended December 31, 2023, the revenue from inpatient services was RMB2,538.9 million, representing an increase of 31.6% over last year, which was mainly due to the fact that the Group's in-network hospitals actively expanded diagnosis and treatment items with a focus on oncology items to enrich treatment methods, and continuously improved their surgical capabilities for complex diseases. For the year ended December 31, 2023, the revenue from outpatient services was RMB1,351.4 million, representing an increase of 23.1% over last year and a year-on-year increase in revenue from outpatient services of 43.2% after excluding the one-off impact of the nucleic acid tests.

Recently, the brand influence and reputation of the Group's in-network hospitals have been steadily enhanced, while the medical technology of the Group has also continued to advance. For the year ended December 31, 2023, the Group completed a total of 83,770 surgeries, representing an increase of 34.6% over last year, of which the proportion of level 3, 4 surgeries and interventional surgeries further increased.

Other Business

For the year ended December 31, 2023, the Group's revenue from other business amounted to RMB186.4 million.

Oncology-related Business

The Group continuously strengthens the development of its oncology discipline, and is committed to providing oncology patients with one-stop comprehensive treatment services.

Revenue from the Group's oncology-related business increased by 23.6% from RMB1,438.4 million for the year ended December 31, 2022 to RMB1,778.4 million for the year ended December 31, 2023.

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

	Year ended December 31,			
	2023		2022	
	(RMB'000)	***% of revenue***	*(RMB'000)*	*% of revenue*
Oncology business	**1,778,431**	**43.6**	1,438,432	45.0
Non-oncology business	**2,298,249**	**56.4**	1,757,216	55.0
Total	**4,076,680**	**100.0**	3,195,648	100.0

Gross Profit

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

	Year ended December 31,	
	2023	2022
	(RMB'000)	*(RMB'000)*
Hospital business	**1,179,159**	929,705
Other business	**107,093**	98,848
Total	**1,286,252**	1,028,553

The gross profit of hospital business, the core business of the Group, was RMB1,179.2 million for the year ended December 31, 2023, representing an increase of 26.8% over last year. Excluding the one-off impact of nucleic acid tests, the gross profit of hospital business increased by 39.3% on a year-on-year basis.

Business Development

Continuously strengthening the oncology-related academic standards and diagnostic and treatment capabilities of the Group's in-network hospitals

1. *Strengthening the construction of comprehensive multidisciplinary diagnosis and treatment model (MDT) of oncology*

   During the Reporting Period, the Group's in-network hospitals continued to strengthen the construction of MDT of oncology, provided one-stop comprehensive diagnosis and treatment services around oncology, enhanced the clinical research capabilities in oncology, deployed state-of-the-art oncology diagnosis and treatment equipments, implemented a plan to introduce high-level oncology specialists, and carried out sub-specialization in oncology, so as to continuously enhance the effectiveness of the prevention and treatment of oncology.

   The construction of specialties is the key to the sustainable development of hospitals, and is also an important symbol of the comprehensive strength and academic status of hospitals. In recent years, the Group has attached great importance to the construction of oncology specialties and fully utilized its resources and technical advantages. A number of influential, powerful and technical clinical key specialties with oncology characteristics have been emerging, which have helped the oncology diagnosis and treatment capability of the Group's in-network hospitals to continue to reach new levels. During the Reporting Period, the departments of oncology and critical care medicine of Chang'an Hospital were selected as the municipal clinical key specialty construction projects in Xi'an City, the department of hematology of Suzhou Yongding Hospital was evaluated as the municipal clinical key specialty construction unit in 2023 in Suzhou City, the department of ultrasound medicine of Suzhou Yongding Hospital passed the re-examination of the key specialties in Wujiang District in 2023 and continued to be recognized as a key specialty at the district level, the departments of general surgery and critical care medicine of Chongqing Hygeia Hospital were approved as the clinical key specialties in Chongqing High-tech District, the department of orthopedics of Shanxian Hygeia Hospital was evaluated as a municipal key specialty in Heze City, the department of orthopedics of Hezhou Guangji Hospital was approved as clinical key specialty construction project in Hezhou City, and the department of oncology of Longyan Boai Hospital was confirmed as a county-level clinical key specialty in Longyan City.

   In the face of the year-on-year increase in the number of new cases of malignant tumors in the PRC, the Group has continued to improve its integrated tumor diagnosis and treatment technologies to provide strong protection for the health of tumor patients. During the Reporting Period, the radiotherapy departments of Hezhou Guangji Hospital and Suzhou Yongding Hospital successively commenced operation, marking that the two hospitals have formally entered the era of precision radiotherapy; Chongqing Hygeia Hospital opened the gastrointestinal oncology surgery department and the hepatobiliary and pancreatic oncology surgery department, making breakthroughs in oncology medical technology; Suzhou Yongding Hospital opened the interventional oncology department, bringing good news for the local tumor patients with its advantages of minimally invasiveness, precision and certainty of therapeutic efficacy; and Hezhou Guangji Hospital opened the hematology and oncology department, pushing forward the development of its oncology department in the direction of specialization.

2. *Increasing early oncology screening*

Early oncology screening is essential in preventing and treating cancers, and the public's awareness of early oncology screening has greatly enhanced. Through continually initiating public welfare activities such as early oncology screening, tumor prevention-related health lectures, and setting up an oncology screening base, the Group assists oncology patients in the early stage of diagnosis, discovery and treatment. During the Reporting Period, the Group's major in-network hospitals set up oncology screening centers, endoscopy centers and imaging centers to provide various oncology screening services such as tumor marker testing, methylation testing, genetic testing, gastrointestinal endoscopy and imaging testing.

Liaocheng Hygeia Hospital undertook the "breast and cervical cancers" screening ("兩癌"篩查) and donation public welfare activity of Liaocheng Economic and Technological Development Zone during the Reporting Period, and conducted free "breast and cervical cancers" screening for women from rural areas over the age of 45 in batches as well as free disease screening for disadvantaged orphans and children. Liaocheng Hygeia Hospital also donated a "breast and cervical cancers" screening and physical examination program to Liaocheng Economic and Technological Development Zone, aiming to further improve the "breast and cervical cancers" screening service. The GE Revolution 256-row and 512-layer ultra-high-end CT of Chongqing Hygeia Hospital was officially put into service, marking the hospital's new venture in the field of "early diagnosis, discovery and treatment" of tumors, which can provide more powerful imaging support for clinical diagnosis and treatment, and truly realize the concept of "imaging should go ahead of the rest on the way to precision medicine (精準醫療，影像先行)".

3. *Strengthening oncology scientific academic exchanges and cooperation*

The Group continues to strengthen inter-hospital as well as university-enterprise oncology academic exchanges and cooperation, and further improve the platform for technological innovation in medicine, education and research, so as to comprehensively improve the level of oncology prevention and treatment in its in-network hospitals, benefiting more oncology patients.

During the Reporting Period, an institute of clinical medicine jointly established by Soochow University and Suzhou Yongding Hospital was officially put into operation, laying the foundation for Suzhou Yongding Hospital's long-term development in medical education and research. Suzhou Yongding Hospital has also initiated cooperation with the School of Rehabilitation of the Shanghai University of Traditional Chinese Medicine, promoting more innovative achievements in the field of cancer rehabilitation medicine. Chongqing Hygeia Hospital successfully held the "First Symposium on Radiotherapy for Tumors of the National Social Medical Oncology Department Development Cooperation Union", and hosted the inaugural meeting of the Oncology Committee of Chongqing Social Medical Institutions Association, of which it was the chief member. Chang'an Hospital has established the Chang'an Oncology Hospital Platform, which operates as "a hospital within a hospital" in Chang'an Hospital, providing more professional, efficient, high-quality and convenient diagnostic and treatment services for oncology patients in Xi'an and the surrounding areas. In addition, Chang'an Hospital has also successfully held the Oncology Radiology Integration Forum, which has enabled it to conduct extensive and in-depth discussions with numerous colleagues and consortium units on the cutting-edge technology and direction of oncology radiology treatment. Liaocheng Hygeia Hospital and Shandong Public Health Clinical Center, and Longyan Boai Hospital and Xiang'an Hospital of Xiamen University signed contracts to build a medical consortium to promote the high quality development of the oncology department of the hospital through various forms of technical training and expert rounds.

During the Reporting Period, the Group has made numerous achievements from its scientific research and academic study in oncology. The Group's in-network hospitals and/or medical professionals published 248 articles in oncology specialties/other oncology-related disciplines in domestic and international periodicals.

4. *Strengthening the recruitment and training for oncology medical professionals*

During the Reporting Period, the Group continued to improve its talent mechanism and platform construction, by intensifying its efforts in talent cultivation and attraction, and building up human resources competitiveness by combining talent introduction and independent training, with an all-round incentive and protection system as its core, allowing the Group's talent team to continue to expand and to upgrade its talent structure.

As of December 31, 2023, the Group had 7,483 medical professionals in total, representing an increase of 2,356 compared to December 31, 2022. Among the medical professionals, 1,188 were senior professional technicians, representing an increase of 380 from December 31, 2022. For the year ended December 31, 2023, a total of 761 medical professionals were promoted to a higher professional grade.

5. *Broadening medical channels to facilitate patients in seeking treatment*

During the Reporting Period, the Group continued to innovate its healthcare service model. Relying on the Group's medical resources, the Group vigorously launched inter-hospital specialist rounds to enhance the diagnosis and treatment capabilities of each in-network hospital of the Group for complex diseases, and provided comprehensive and high-quality medical and healthcare management services for cancer patients by exploring the modes of oncology ambulatory diagnosis and treatment, specialty centers, multidisciplinary diagnosis and treatment (MDT) of oncology, membership system and other modes of treatment.

The Group provides one-stop and comprehensive oncology diagnosis and treatment services for oncology patients. For oncology patients in rehabilitation, the Group continues to strengthen oncology health management and arrange regular follow-up visits; for terminal oncology patients, the Group launches services such as home care for oncology patients and unaccompanied wards for oncology patients. The considerate care from the Group's medical staff warms and touches the heart of oncology patients.

All in-network hospitals of the Group provide year-round outpatient service (including public holidays). In addition, they have successively operated morning-time, midday-time and night-time outpatient service, to provide the public with more convenient medical services in a staggered mode of diagnosis and treatment. The case of "90-minute outpatient experience" of Suzhou Yongding Hospital was selected as a typical case in the construction of healthy Suzhou, and the convenient medical process has brought about excellent experiences to patients.

During the Reporting Period, the Group actively strengthened the commercial insurance coverage of its in-network hospitals and has currently cooperated with more than ten commercial insurance companies. Suzhou Yongding Hospital and Chongqing Hygeia Hospital signed respective contracts with PICC and China Life to launch "one-stop payment for claim settlement" service, which provides patients with efficient and convenient claims settlement service that seamlessly connects hospital discharge and claims payment.

Standardized and sustainable development model continues to expand the Group's healthcare service network and business scale

1. *Progress of work-in-progress hospitals*

   The Group currently has three new hospital projects, namely Dezhou Hygeia Hospital, Wuxi Hygeia Hospital and Changshu Hygeia Hospital.

   Dezhou Hygeia Hospital is designed to accommodate 1,000 beds, and becomes the fourth Class III hospital of the Group after passing acceptance inspection as a Class III general hospital in March 2024.

   Wuxi Hygeia Hospital is designed as a Class III hospital and to accommodate 800 to 1,000 beds, and construction commenced in November 2022. Currently, the main structures of the four main buildings and two equipment buildings have been fully topped out, and is expected to finish construction and commence operations at the beginning of 2025.

   Changshu Hygeia Hospital is designed as a Class III hospital and to accommodate 800 to 1,200 beds, and construction commenced in July 2023. Currently, the piling works and foundation pit support works have been completed, and is expected to finish construction and commence operations at the end of 2025.

2. *Progress of the expansion of Phase II projects for existing hospitals*

   Chongqing Hygeia Hospital Phase II project, with a total GFA of approximately 78,000 square meters and an additional 1,000 beds, commenced operations in February 2023. The total number of available beds at Chongqing Hygeia Hospital has currently increased to 1,500. The hospital was upgraded to a Class III general hospital in March 2023. Moving forward, Chongqing Hygeia Hospital aims to establish itself as a Class III Grade A general hospital with a focus on oncology specialties, providing a higher level of medical services to the residents of Chongqing and the surrounding provinces.

   Shanxian Hygeia Hospital Phase II project, with a total GFA of approximately 55,000 square meters and an additional 500 beds, commenced operations in July 2023. The total number of available beds at Shanxian Hygeia Hospital has currently increased to 1,500.

   Chengwu Hygeia Hospital Phase II project, with a total GFA of approximately 24,000 square meters and an additional 350 beds, commenced operations in January 2024. The total number of available beds at Chengwu Hygeia Hospital has currently increased to 500.

Kaiyuan Jiehua Hospital Phase II project has obtained the construction project planning permit, and is currently in the process of applying for the construction project construction permit. The planned construction area of Phase II is approximately 15,000 square meters, and is designed to add approximately 500 beds.

Hezhou Guangji Hospital Phase II project has obtained the construction project planning permit. The Phase II project has a total GFA of approximately 38,000 square meters, and is expected to add approximately 500 beds to the hospital when it commences operations. Currently, Phase II oncology radiation therapy room, hyperbaric oxygen chamber room and the exterior walls of corridor have been substantially completed.

Chang'an Hospital Phase III project and Suzhou Yongding Hospital Phase II project have initiated preparation works and are currently in the process of applying for regulatory approval. Chang'an Hospital Phase III project plans to add approximately 1,000 beds, while Suzhou Yongding Hospital Phase II project plans to add about 500 beds.

3. *Progress of mergers and acquisitions*

On May 9, 2023, the Group announced the acquisition of 89.2% equity interest in Yixing Hygeia Hospital. Yixing Hygeia Hospital is located in Yixing City, Jiangsu Province in the Yangtze River Delta region. Yixing City is situated centrally to Shanghai, Nanjing and Hangzhou. In 2022, Yixing City's Gross Domestic Product ("**GDP**") has exceeded RMB220 billion, ranking the seventh among the Top 100 counties of China. Yixing is known as the city of pottery and its local economy is prosperous. It has a developed regional economy and also has a continuous population inflow. However, the local supply for oncology medical resources is relatively insufficient, and the demands of oncology patients in Yixing City are far from being met. Therefore, the acquisition is in line with the development strategy of the Group. Yixing Hygeia Hospital, formerly known as Yixing City Fourth People's Hospital* (宜興市第四人民醫院), is a Class II Grade A general hospital with a history of more than 70 years. Yixing Hygeia Hospital has established a good reputation in Yixing City and to an extent, the entire Wuxi City, by relying on its high-performing and experienced professional medical team. Yixing Hygeia Hospital has sufficient space to accommodate more than 800 beds and the potential to be upgraded into a Class III hospital. Yixing Hygeia Hospital has the capacity to perform multi-disciplinary oncology diagnosis and treatments services including radiotherapy, which provides the Group with more opportunities to expand its business in Wuxi City. The joining of Yixing Hygeia Hospital will further expand the Group's hospital network, which is of great significance and value as it allows the Group to increase its revenue and market share derived from oncology medical services. Upon completion of the acquisition, the Group's market share in the medical services industry in the Yangtze River Delta region will continue to increase and its market influence will further radiate to the surrounding areas. The Group will actively utilize its resources to create synergies and lay out a solid foundation for the Group to establish a three-tier diagnosis and treatment network in the Yangtze River Delta region.

On July 25, 2023, the Group announced the acquisition of (i) the entire issued share capital of Datang HK, which holds 70% equity interest in Chang'an Hospital; and (ii) 30% equity interest in Chang'an Hospital. Xi'an is the largest central city in Northwest China, and is an international metropolis and national city center that has been well established by the state. With the continuous promotion of the national belt and road initiative and western development strategy, industrial transfer is evident. In recent years, the population of Xi'an has continued to increase. By the end of 2022, the resident population of Xi'an reached 13 million, and its GDP reached RMB1.15 trillion. The growth rates of the population and GDP are significantly higher than the national average. Chang'an Hospital is a Class III Grade A general hospital with more than 20 years of operation experience, which has great influence in the local area. From 2020 to 2022, the average number of patient visits of Chang'an Hospital (including in-patient visits and out-patient visits) was around 630,000. Chang'an Hospital has 1,000 registered beds and sufficient land resources for expansion. Chang'an Hospital has an experienced and highly-skilled medical team. Chang'an Hospital has outstanding advantages in the oncology department, which contributes the most to its revenue. The acquisition will further expand the Group's network of healthcare services, as it allows the Group to increase the scale and enhance the market share of its oncology business, and lay out a solid foundation for the Group's further expansion and establishment of its three-tier diagnosis and treatment network in the northwest region of the PRC.

On November 30, 2023, the Group announced the acquisition of 100% equity interest in Qufu Chengdong Hospital. Qufu, Shandong Province is the birthplace of Confucian culture, and the number of migrants has been increasing in recent years. Following the completion of acquisition, the operational efficiency and diagnostic and treatment capabilities of Qufu Chengdong Hospital are expected to be further improved by implementing the Group's existing standardized and replicable hospital management model. The Group plans to relocate Qufu Chengdong Hospital to the Group's owned property with a larger GFA so as to allow for sufficient space to accommodate more hospital beds and large equipment, such as radiotherapy equipment, thereby unleashing more potential for business developments of Qufu Chengdong Hospital and promoting the strategic layout of the Group.

After joining the Group, the above three hospitals, especially Yixing Hygeia Hospital and Chang'an Hospital, firmly adhered to the mission of "making healthcare services more accessible and affordable and making life healthier (讓醫療更溫暖，讓生命更健康)", and leveraged on the advantages of the Group's extensive experience and resources in hospital management, oncology-related discipline development and supply chain support. Through measures such as remuneration and performance system reform, revenue structure optimization and investment of medical resources, their oncology specialties and diagnosis and treatment capabilities have been continuously strengthened, and the operational efficiency has been gradually improved, thereby resulting in a continuous improvement of the sense of achievement among the employees, as well as the satisfaction of the patients. Yixing Hygeia Hospital achieved a year-on-year increase in revenue of approximately 30.8% since the acquisition by the Group (i.e., June 2023 to December 2023) as compared to the same period previous year; while Chang'an Hospital achieved a year-on-year increase in revenue of approximately 28.9% since the acquisition by the Group (i.e., September 2023 to December 2023) as compared to the same period previous year.

The Group will seize the historic consolidation opportunities in oncology healthcare industry, stick to the pace of merger and acquisition, and continue to expand the Group's oncology healthcare service network in width and depth.

Continue to strengthen the protection of patients', shareholders' and employees' rights and interests, and improve environmental, social and governance (ESG) construction

The Group has been pursuing its original mission 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 has always put patient benefits at the forefront of its mission, enhanced its information technology and humanised services, constantly strengthened its diagnostic and treatment capabilities, and continuously improved the medical experience, ensuring a carefree experience for patients throughout the whole process. The Group's hospitals actively organized public welfare activities such as blood donation, free medical consultations in local communities, hematopoietic stem cell donation and oncology screening, and continued to improve the work mechanism of military support and preferential treatment. During the Reporting Period, the brand image and social influence of Hygeia Hospital continued to grow. Longyan Boai Hospital has successfully promoted to a Class II Grade A general hospital; Hezhou Guangji Hospital was awarded the "Guangxi May Day Labour Award (廣西五一勞動獎狀)" and "Model Unit for Patriotic Support to the Military in the Autonomous Region (自治區愛國擁軍模範單位)"; Suzhou Yongding Hospital became the first batch of pilot hospitals of "Credit+Healthcare (信用+醫療)" in the Yangtze River Delta Integration Demonstration Zone and the first pilot hospital in Jiangsu Province; Suzhou Canglang Hospital was awarded the "Outstanding Unit of Elderly-Friendly Healthcare Institution (老年友善醫療機構優秀單位)" in Jiangsu Province; Shanxian Hygeia Hospital was awarded the "Civilized Unit of Heze City (菏澤市文明單位)" and the "Shanxian May Day Labour

Award (單縣五一勞動獎章)"; Heze Hygeia Hospital and Chengwu Hygeia Hospital were awarded the "2022 Double Top 100 Model Units of Heze City (二零二二年菏澤市雙百佳示範單位)", respectively; and Liaocheng Hygeia Hospital was awarded the honorary title of "The Most Beautiful Female Employees (最美巾幗奮鬥集體)".

The Group attached great importance to investor relations management, and have continuously improved its corporate governance and protected the legitimate rights and interests of Shareholders, especially the minority Shareholders. The management and staff of the Group worked together to enhance the inherent value of the Group and create good investment returns for investors. During the Reporting Period, Mr. Zhu Yiwen, the controlling Shareholder, Chairman of the Board and chief executive officer of the Group, has on several occasions increased his shareholding in the Group, demonstrating his unwavering confidence in the Group's business development. During the Reporting Period, the Group was selected among the "Top 50 Hong Kong Stock Connection (港股通50強)" in the 10th Hong Kong Stock Top 100 Selection (第十屆港股100強), and awarded among the "6th New Fortune Best IR of Hong Kong Listed Companies List (第六屆新財富最佳IR港股公司)" and the "2023 Sina Finance Golden Kylin Award — The Most Trusted Healthcare Service Institution (2023新浪財經金麒麟 — 最受用戶信賴的醫療服務機構)".

The Group established and continuously optimised a sound system of labour protection, remuneration and benefits to protect the legitimate rights and interests of its employees; it also established the Hygeia Healthcare Teaching and Researching Institute to continuously enrich its training system and enhance the core competitiveness of its staff, realising the mutual development of the Group and its staff.

In addition to strengthening the protection of patients', shareholders', employees' and other stakeholders' rights and interests in the social aspect, in terms of environment, the Group monitors resource usage in its in-network hospitals through a standardized and modular matrix management model, and continues to improve the operational model through a comprehensive data analysis system. With a commitment to environmental excellence, the Group has also set targets and actions for 2030 in respect of the intensity of greenhouse gas emissions, water use intensity and energy consumption intensity.

In terms of governance, the Group attaches great importance to establishing good public relations with all parties in the community, being monitored by governments and authorities at all levels, regulating the use of medical insurance funds, fulfilling its obligations as a taxpayer and contributing to the development of the local economy. Hygeia is committed to upholding the values of "telling the truth, being pragmatic and acting with integrity (說實話、辦實事、講誠信)", respecting and protecting the legitimate rights and interests of suppliers, promoting business ethics, promoting integrity and maintaining a clean and healthy environment in the medical field.

BUSINESS PROSPECTS

The long-term support of relevant national policies creates a favorable external environment for social capital to operate medical services

In recent years, the demand for medical services among our citizens has been continuously growing. However, public hospitals have limited healthcare resources, and high-quality medical resources are relatively concentrated. As the reform of China's pharmaceutical and healthcare system continues to deepen, the government has proposed several policy recommendations to encourage the introduction of social capital into the medical field, to increase the supply in the medical service sector, and to allocate medical resources rationally. This aims to address the issues of insufficient total medical resources and uneven distribution in the country: (1) In October 2016, the Central Committee of the Communist Party of China and the State Council issued the "'Healthy China 2030' Planning Outline (《「健康中國2030」規劃綱要》)", proposing to optimize the policy environment for social capital to operate medical services and encouraging the development of specialised hospital management groups; (2) In May 2017, the General Office of the State Council issued the "Opinions on Supporting Social Forces in Providing Multi-level and Diversified Medical Services (《關於支援社會力量提供多層次多樣化醫療服務的意見》)", which proposes to support social forces in providing multi-level and diversified medical services, and establishes the main tasks and policy measures for the development of medical service operations by social capital in the coming period; (3) In August 2018, the National Health Commission issued the "Notice on Further Strengthening Key Work in the Construction of the Hierarchical Diagnosis and Treatment System (《關於進一步做好分級診療制度建設有關重點工作的通知》)", which further clarifies the need to include private medical institutions in the planning and layout of medical institution syndicate; (4) In January 2019, the National Health Commission, the National Radio and Television Administration, and 16 other departments jointly released the "Action Plan for Making Greater Efforts to Address the Inadequacies, Strengthen Weak Links and Improve Quality in Public Services in the Social Sector, and to Promote the Formation of a Strong Domestic Market (《加大力度推動社會領域公共服務補短板強弱項提品質促進形成強大國內市場的行動方案》)", proposing to support social forces in delving into specialized medical and other niche service areas, and to accelerate the creation of a batch of competitive brand service institutions; (5) In June 2019, multiple departments issued the "Opinions on Promoting the Sustainable, Healthy, and Standardized Development of Private Medical Institutions (《關於促進社會辦醫持續健康規範發展的意見》)", which affirms the importance of private medical institutions and proposes to minimize approvals and clear regulations that hinder fair competition, address key and difficult issues, and further promote the sustainable, healthy, and standardized development of private medical institutions; (6) In August 2021, the Ministry of Human Resources and Social Security, the National Health Commission, and the National Administration of Traditional Chinese Medicine issued 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》)," which outlines the reform work for the professional title system for healthcare professionals, and clearly states 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.; (7) In January 2022, the National Health Commission issued a notice regarding 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)》)", which clearly encourages the setup of medical institutions by social capitals to boost the development of private medical service with no planning restrictions on the total number and area for establishment of private medical institutions; (8) In December 2022, the Central Committee of the Communist Party of China and the State Council issued the "Outline of the Strategic Plan for Expanding Domestic Demand (2022–2035) (《擴大內需戰略規劃綱要(2022–2035年)》)", which clearly states: support social forces in providing multi-level and diversified medical services, encourage the development of general medical services, and increase the effective supply of specialized medical services and other sub-sectors; (9) In February 2023, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the "Opinions on Further Deepening Reform to Promote the Healthy Development of the Rural Medical and Health System (《關於進一步深化改革促進鄉村醫療衛生體系健康發展的意見》)", which states: encourage social forces to establish clinics, outpatient departments, private hospitals, etc., to provide diversified medical services for the rural population; (10) In March 2023, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council released the "Opinions on Further Improving the Medical and Health Service System (《關於進一步完善醫療衛生服務體系的意見》)", which proposes to promote the expansion of high-quality medical resources and a balanced regional distribution, and build a Chinese-characteristic medical and health service system that is high-quality and efficient; while private medical institutions may take the lead in forming or participate in medical consortiums; (11) In July 2023, the Central Committee of the Communist Party of China and the State Council issued the "Opinions on Promoting the Development and Growth of the Private Economy (《關於促進民營經濟發展壯大的意見》)", which clearly points out: the private economy is a vital force in advancing Chinese-style modernization, an important foundation for high-quality development, and a significant power in driving China to fully build a strong modern socialist country in all respects and achieve the second centenary goal. The "Opinions" proposed a series of key measures to promote the development and growth of the private economy: firstly, the environment for the development of the private economy should be continuously optimized; secondly, the policy support for the private economy should be increased; thirdly, the rule of law guaranteeing the development of the private economy should be enhanced; fourthly, efforts should be made to promote the high-quality development of the private economy; fifthly, the healthy growth of members of the private economy should be promoted; sixthly, a social atmosphere of caring for and promoting the development and growth of the private economy should be built up continuously; (12) On July 28, 2023, the

National Development and Reform Commission and other departments issued the "Notice on Implementing Several Measures to Promote the Development of the Private Economy in the Near Term (《關於實施促進民營經濟發展近期若干舉措的通知》)", which introduces 28 specific measures to address the prominent issues faced in the development of the private economy, stimulate the vitality of private economic development and boost confidence in the development of the private economy, thereby promoting the growth of the private economy; (13) On February 21, 2024, the Ministry of Justice, in conjunction with relevant departments, accelerated the legislative process of the Private Economy Promotion Law. This is to provide a solid legal foundation for promoting the healthy development of the private economy and to better foster a first-class business environment that is market-oriented, rule-of-law-based, and internationalized.

With the support of multiple national policies, the development environment for social capital in healthcare sector in China has been continuously optimized. As a result, private medical institutions have experienced rapid growth, with a swift increase in the number of hospitals, beds, health technical personnel, outpatient visits, hospital admissions, and revenue. The proportion of private medical institutions in the overall medical service market has been steadily increasing.

The expanding market demand for oncology medical services lays a solid foundation for rapid development of the industry

The "2023 Statistical Bulletin on the National Economic and Social Development of the People's Republic of China (《中華人民共和國2023年國民經濟和社會發展統計公報》)" shows that: by the end of 2023, the elderly population in China aged 60 and above reached 297 million, with the proportion of the elderly population in the total population rising to 21.1%; the population aged 65 and above reached 217 million, accounting for 15.4% of the total population. In the coming period, the degree of aging will continue to deepen, and it is expected that the elderly population will exceed 400 million by 2050. Therefore, it can be expected that tumors and other age-related diseases brought on by the aging population will continue to grow and the demand for relevant diagnosis and treatment services 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 compound annual growth rate of approximately 11.5% from 2021 to 2025. The Group believes that by enhancing construction of academic disciplines and improving diagnosis and treatment technology and services continuously, the Group is able to provide multi-level and one-stop diagnosis and treatment services to more oncology patients and satisfy their unmet needs.

Looking forward

The Group has had a good start to 2024 and achieved gratifying results with an increase in revenue of over 40% in the first two months of 2024 as compared to the same period previous year, based on the unaudited management accounts of the Group. Looking forward, the Group will continue to do the following:

Continue to focus on the core business of oncology, and prioritize patient benefits. The Group will continue to improve diagnosis and treatment technology and service level, enhance the quality of medical services and improve patients' medical experience, so as to continuously improve brand influence.

Continue to expand our business scale to achieve economies of scale: by actively facilitating the construction of new hospital projects and the Phase II projects of the existing hospitals, so as to satisfy the growing medical needs of oncology patients; by actively merging and acquiring high-quality hospital targets, increasing the oncology medical service capabilities of the target hospitals through post-investment integration, and continuing to strengthen the Group's integration capability in oncology-related medical industries.

Continue to reinforce the modular matrix management model, improve our standardized and fine management ability on an on-going basis to improve the operation and management efficiency of the Group.

Continue to strengthen the cultivation of talents and external exchanges and cooperation, and provide interdisciplinary talents with medical expertise and management experience for hospitals of the Group on an ongoing basis by fully leveraging the educational and research function of Hygeia Healthcare Teaching and Researching Institute.

Continue the establishment of environment, social and governance (ESG) by reinforcing the regulatory measures on the environment, fulfilling social responsibilities, continuously improving and strengthening corporate governance and standardized governance of listed companies, and optimizing the governance structure to secure the interest of all stakeholders.

Financial Review

Revenue

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

The Group's revenue increased by 27.6% to RMB4,076.7 million for the year ended December 31, 2023 from RMB3,195.6 million for the year ended December 31, 2022, with a year-on-year increase in revenue of 34.0% after excluding the one-off impact of the nucleic acid tests.

Hospital Business

The Group's revenue from hospital business, accounting for 95.4% of the Group's total revenue, increased by 28.5% to RMB3,890.3 million for the year ended December 31, 2023 from RMB3,027.3 million for the year ended December 31, 2022, with a year-on-year increase in revenue from hospital business of 35.4% after excluding the one-off impact of the nucleic acid tests. The increase in the revenue from hospital business was primarily attributable to the fact that the Group's in-network hospitals actively expanded diagnosis and treatment items with a focus on oncology items to enrich treatment methods, and continuously improved their surgical capabilities for complex diseases.

Other Business

The other business of the Group mainly includes third-party radiotherapy business and hospital management business.

For the year ended December 31, 2023, the Group's revenue from other business amounted to RMB186.4 million, accounting for 4.6% of the Group's total revenue.

Cost of Revenue

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

The Group's cost of revenue increased by 28.8% to RMB2,790.4 million for the year ended December 31, 2023 from RMB2,167.1 million for the year ended December 31, 2022, which was mainly due to the increase in cost of revenue as a result of the continuous expansion, which is in line with the Group's revenue growth trend.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 25.1% to RMB1,286.3 million for the year ended December 31, 2023 from RMB1,028.6 million for the year ended December 31, 2022, with a year-on-year increase in gross profit of 36.0% after excluding the one-off impact of the nucleic acid tests.

For the year ended December 31, 2023, the Group's gross profit margin was 31.6%. The Group's gross profit margin increased by 0.5% as compared to the same period of last year after excluding the one-off impact of the nucleic acid tests.

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.

For the year ended December 31, 2023, the Group's selling expenses were RMB50.6 million, accounting for 1.2% of the total revenue.

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, entertainment, vehicle and office expenses, utilities, cleaning and afforestation expenses, repair and maintenance expenses and taxation expenses.

The Group's administrative expenses increased by 38.8% to RMB412.2 million for the year ended December 31, 2023 from RMB296.9 million for the year ended December 31, 2022, primarily due to the increase in administrative expenses as a result of new acquisition of hospitals.

Other Income

During the Reporting Period, the Group's other income was primarily composed of government grants.

The Group's other income increased by 138.0% to RMB50.7 million for the year ended December 31, 2023 from RMB21.3 million for the year ended December 31, 2022.

Other Gains/(Losses) — Net

During the Reporting Period, the Group's other gains/(losses) — net mainly included net foreign exchange gains/(losses) and realised and unrealised gains on financial assets at fair value through profit or loss.

The Group recorded other gains — net of RMB14.9 million for the year ended December 31, 2023 and other losses — net of RMB60.1 million for the year ended December 31, 2022, with other gains increased by RMB75.0 million in aggregate, primarily due to the increase of RMB82.0 million in net foreign exchange gains.

Finance Income and Costs

During the Reporting Period, the Group's finance income was interest income on bank savings. For the year ended December 31, 2023, the Group's finance income was RMB10.2 million.

During the Reporting Period, the Group's finance costs were mainly composed of interest expenses on bank borrowings. For the year ended December 31, 2023, the Group's finance costs were RMB43.2 million.

Income Tax Expense

The Group's income tax expense increased by 6.0% to RMB171.1 million for the year ended December 31, 2023 from RMB161.4 million for the year ended December 31, 2022.

Net Profit and Non-IFRS Adjusted Net Profit

As a result of the foregoing, the Group's net profit increased by 42.1% to RMB684.9 million for the year ended December 31, 2023 from RMB481.9 million for the year ended December 31, 2022, with a year-on-year increase in net profit of 63.6% after excluding the one-off impact of the nucleic acid tests. 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 net foreign exchange (gains)/losses, share-based compensation expenses, depreciation and amortization of the appreciation in valuation of assets arising from acquisitions of hospitals. The Group's non-IFRS adjusted net profit increased by 17.5% to RMB713.4 million for the year ended December 31, 2023 from RMB607.0 million for the year ended December 31, 2022, with a year-on-year increase in non-IFRS adjusted net profit of 31.1% after excluding the one-off impact of the nucleic acid tests.

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 are not required by, or presented in accordance with, IFRS. The Company believes that the non-IFRS 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 non-IFRS 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 a 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 tables set forth the reconciliations of the Group's non-IFRS adjusted financial measures for the years indicated to the nearest measures prepared in accordance with IFRS:

	Year ended December 31,	
	2023	2022
	(RMB'000)	*(RMB'000)*
Net profit	**684,948**	481,876
Adjustments:		
Share-based compensation expenses	**29,250**	38,085
Depreciation and amortization of the appreciation in valuation of assets arising from acquisitions of hospitals	**10,413**	9,780
Net foreign exchange (gains)/losses	**(11,166)**	77,272
Non-IFRS adjusted net profit	**713,445**	607,013

Liquidity and Capital Resources

As of December 31, 2023, the Group had cash and cash equivalents of RMB549.7 million, structured deposit and wealth management products of RMB206.2 million, and restricted cash of RMB12.1 million, for a total of RMB768.0 million.

Cash Flow

Operating Activities

During the Reporting Period, the Group derived its cash inflow primarily through provision of healthcare services. Cash outflow from operating activities was primarily composed 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 14.2% to RMB782.8 million for the year ended December 31, 2023 from RMB685.4 million for the year ended December 31, 2022, primarily attributable to the increase in the Group's overall revenue.

Investing Activities

During the Reporting Period, the Group's cash used in investing activities 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 composed of proceeds from disposal of financial assets at fair value through profit or loss.

The Group's net cash used in investing activities increased by 669.6% to RMB2,863.5 million for the year ended December 31, 2023 from RMB372.1 million for the year ended December 31, 2022. The increase in net cash used in investing activities of RMB2,491.4 million was primarily attributable to: (i) the increase in the payment for acquisition of subsidiaries by the Group of RMB1,619.6 million; (ii) the increase in the net cash outflow from disposing and purchasing financial assets at fair value through profit or loss of RMB528.5 million; and (iii) the increase in payments for purchases of property, plant and equipment of RMB332.6 million.

Financing Activities

During the Reporting Period, cash inflow from financing activities was mainly composed of proceeds from issue of shares upon placing and proceeds from bank borrowings. Cash outflow from the Group's financing activities was mainly composed of repayment of bank borrowings, payment of interests on bank borrowings and payment of dividends to the Company's Shareholders.

The Group's net cash generated from financing activities for the year ended December 31, 2023 was RMB1,775.3 million, while the net cash used in financing activities for the year ended December 31, 2022 was RMB154.2 million. The increase in net cash generated from financing activities of RMB1,929.5 million was mainly due to: (i) the increase of RMB1,298.7 million in the net cash inflow from bank borrowings; and (ii) the increase of RMB681.7 million in the proceeds from the placing completed by the Group in January 2023.

Capital Expenditures

During the Reporting Period, the Group's capital expenditures were primarily composed 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 55.0% to RMB940.8 million for the year ended December 31, 2023 from RMB606.9 million for the year ended December 31, 2022.

Significant Investments, Material Acquisitions and Disposals

On May 9, 2023, the Group announced the acquisition of 89.2% equity interest in Yixing Hygeia Hospital and Subang Medical Technology. Please refer to the announcement of the Company dated May 9, 2023 and Note 16 to the consolidated financial statements for more details.

On July 25, 2023, the Group announced the acquisition of (i) the entire issued share capital of Datang HK, which holds 70% equity interest in Chang'an Hospital, and (ii) 30% equity interest in Chang'an Hospital. Please refer to the announcements of the Company dated July 25, 2023 and Note 16 to the consolidated financial statements for more details.

On November 30, 2023, the Group announced the acquisition of the entire equity interest in Qufu Chengdong Hospital. Please refer to the announcement of the Company dated November 30, 2023 and Note 16 to the consolidated financial statements for more details.

Save as disclosed above, the Group did not have any other material acquisition or disposal for the year ended December 31, 2023.

Financial Position

Total Assets and Total Liabilities

As of December 31, 2023, the Group's total assets were mainly composed of cash and cash equivalents, financial assets at fair value through profit or loss, trade, other receivables and prepayments, property, plant and equipment, inventories and intangible assets. The Group's total assets increased by 48.2% to RMB10,734.6 million as of December 31, 2023 from RMB7,241.9 million as of December 31, 2022.

As of December 31, 2023, the Group's total liabilities were mainly composed 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 94.6% to RMB4,479.7 million as of December 31, 2023 from RMB2,301.9 million as of December 31, 2022.

As of December 31, 2023, the increases in the Group's total assets and total liabilities were primarily attributable to the new acquisition of hospitals.

Inventories

The Group's inventories were mainly composed of pharmaceuticals, medical consumables and spare parts. The Group's inventories increased by 35.1% to RMB207.9 million as of December 31, 2023 from RMB153.9 million as of December 31, 2022.

Trade, Other Receivables and Prepayments

The Group's trade receivables mainly represented the balances of the receivables arising from the provision of healthcare services. The Group's trade receivables increased by 45.3% to RMB864.0 million as of December 31, 2023 from RMB594.6 million as of December 31, 2022. The Group's trade receivables increased by 24.2% over last year after excluding the impact of new acquisition of hospitals.

The Group's other receivables mainly represented deposits receivables. The Group's other receivables decreased by 11.1% to RMB43.9 million as of December 31, 2023 from RMB49.4 million as of December 31, 2022.

The Group's prepayments for current assets mainly represented prepayments to suppliers. The Group's prepayments to suppliers increased by 42.1% to RMB71.5 million as of December 31, 2023 from RMB50.3 million as of December 31, 2022.

The Group's prepayments for non-current assets included prepayments for property, plant and equipment. The Group's prepayments for non-current assets increased by 76.8% to RMB138.8 million as of December 31, 2023 from RMB78.5 million as of December 31, 2022, primarily due to the increase in prepayments for property, plant and equipment as a result of new acquisition of hospitals and business development needs.

Intangible Assets

The Group's intangible assets were primarily comprised of goodwill, medical licenses, software, and contractual rights to provide management services. The Group's intangible assets increased by 65.5% to RMB3,945.8 million as of December 31, 2023 from RMB2,383.9 million as of December 31, 2022, primarily due to the goodwill of RMB1,489.2 million arising from the mergers and acquisitions in 2023.

Trade and Other Payables

The Group's 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 73.4% to RMB687.1 million as of December 31, 2023 from RMB396.2 million as of December 31, 2022.

The Group's other payables primarily represented salaries payables, payables for construction projects, payables of considerations for acquisition of subsidiaries and other taxes payables. The Group's other payables increased by 109.8% to RMB723.0 million as of December 31, 2023 from RMB344.6 million as of December 31, 2022.

Borrowings

As of December 31, 2023, the Group had outstanding short-term borrowings of RMB402.4 million and long-term borrowings of RMB2,319.0 million.

Pledge of Assets

Except for equity pledge and pledge of property, plant and equipment of the Group mentioned in Note 14 to the consolidated financial statements, the Group had no other pledged assets as of December 31, 2023.

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 86.0% to RMB54.3 million as of December 31, 2023 from RMB29.2 million as of December 31, 2022.

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, 2023 were primarily related to commitments for (i) the construction and renovation of its in-network hospitals; and (ii) the purchase of large equipment. The Group's capital commitments decreased by 15.3% to RMB494.4 million as of December 31, 2023 from RMB583.4 million as of December 31, 2022.

Contingent Liabilities

As of December 31, 2023, the Group did not have any outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, liabilities under acceptance or acceptance credits, or other similar indebtedness, 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, financial assets at fair value through profit or loss, restricted cash, trade and other payables excluding non-financial liabilities, lease liabilities and borrowings.

Gearing Ratio

Gearing ratio is calculated as net debt divided by total equity and multiplied by 100%. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents and restricted cash. The gearing ratio of the Group as of December 31, 2023 was 34.6%.

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 and borrowings denominated in USD and Hong Kong dollars. The monetary assets denominated in foreign currency as of December 31, 2023 amounted to RMB1.2 million. If the RMB had strengthened/weakened by 5% against the USD with all other variables held constant, the pre-tax profit for the year ended December 31, 2023 would have been RMB47 thousand lower/higher.

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 cash and cash equivalents, restricted cash, financial assets at fair value through profit or loss, trade and other receivables and amounts due from related parties. 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 puts 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, cash and cash equivalents and restricted cash 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 the Managed Hospital. The Group, being a provider of healthcare service to patients, has a highly diversified customer base, without any single customer contributing significant revenue. However, the Group has concentrated debtor's portfolio, as most of the 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, fulfilling all ethics and moral responsibilities as a healthcare provider. The Group also closely monitors the patients' billings and claim status to minimise the credit risk. For the receivables from the radiotherapy centers and the Managed Hospital, 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, the 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 significant 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 DIVIDEND

The Board has resolved not to declare any final dividend for the year ended December 31, 2023.

PROCEEDS FROM GLOBAL OFFERING AND ITS UTILIZATION

The Company issued 120,000,000 Shares in its 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 have been fully utilized as at December 31, 2023.

Please refer to the Prospectus and the announcements of the Company dated May 26, 2021 and September 27, 2023 for details.

Details on the applications of the net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) were disclosed in the Prospectus and subsequently revised and disclosed in the Company's announcements dated May 26, 2021 and September 27, 2023. The following table sets out the revised applications of the net proceeds and actual usage up to December 31, 2023:

	Planned applications	**Revised applications**	**Amount utilized up to December 31, 2023**	**Remaining Amount as of December 31, 2023**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ 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	985.1	—
Acquiring hospitals, when appropriate opportunities arise, in new markets which have sizable population and relatively high level of demand for oncology healthcare services	717.6	1,167.6	1,167.6	—
Upgrading information technology systems	119.6	36.9	36.9	—
Working capital and other general corporate purposes	119.6	202.3	202.3	—
Total	**2,391.9**	**2,391.9**	**2,391.9**	**—**

Note:

Approximately HK$101.2 million of the proceeds from the Global Offering was brought forward for use in the Reporting Period, amongst which approximately HK$18.5 million was utilized for upgrading information technology systems and approximately HK$82.7 million was utilized for working capital and other general corporate purposes.

PROCEEDS FROM THE PLACING AND ITS UTILIZATION

On January 4, 2023, the Company entered into a placing agreement with J.P. Morgan Securities (Asia Pacific) Limited (the "**Placing Agent**"), pursuant to which the Placing Agent agreed to place 14,800,000 shares (or, failing which, to subscribe itself as principal) on a fully underwritten basis to not less than six independent investors (the "**Placing**"). The Placing price was HK$53.50 per share.

The net proceeds from the Placing were approximately HK$785.4 million, and have been fully utilized as at December 31, 2023. Such amounts were used in the following manner: (i) approximately 85% were used for acquiring hospitals, when appropriate opportunities arise, in key regions which have sizable population and relatively high level of demand for oncology healthcare services; (ii) approximately 10% were used for establishing new hospitals including continuous construction of Dezhou Hygeia Hospital, Wuxi Hygeia Hospital, and Changshu Hygeia Hospital; and (iii) approximately 5% were used for other general corporate purposes. The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2023:

	Planned applications	Amount utilized up to December 31, 2023	Remaining amount as of December 31, 2023
	HK$ million	*HK$ million*	*HK$ million*
To acquire hospitals, when appropriate opportunities arise, in key regions which have sizable population and relatively high level of demand for oncology healthcare services	667.6	667.6	—
To establish new hospitals including continuous construction of Dezhou Hygeia Hospital, Wuxi Hygeia Hospital, and Changshu Hygeia Hospital	78.5	78.5	—
For other general corporate purposes	39.3	39.3	—
Total	**785.4**	**785.4**	**—**

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

During the Reporting Period, 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, 2023, the Group had 8,238 full-time employees, among whom 93 were employees at the headquarters level and 8,145 were employees of self-owned hospitals. The following table shows a breakdown of the employees by function as of December 31, 2023:

Functions	Number of employees	% of total employees
Headquarters level		
Operations	52	0.6
Manufacturing	18	0.2
Management, administrative and others	23	0.3
Sub-total	**93**	**1.1**
Self-owned hospitals		
Physicians	2,341	28.4
Other medical professionals	4,578	55.6
Management, administrative and others	1,226	14.9
Sub-total	**8,145**	**98.9**
Total	**8,238**	**100.0**

The Group believes it has maintained good relationships with its employees. Employees of the Group's 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 were mainly composed of a 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.

For the year ended December 31, 2023, total staff remuneration expenses including Directors' remuneration amounted to RMB1,335.9 million (for the year ended December 31, 2022: RMB1,049.8 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.

SHARE OPTION SCHEME

In order to improve the governance structure of the Company and to effectively attract, motivate and retain talents, the Company has adopted a share option scheme on October 15, 2021 (the "**Share Option Scheme**"). The participants of the Share Option Scheme include 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.

Under the Share Option Scheme, the Company is authorized to issue up to 18,540,000 Shares ("**Share Options**" or "**Option(s)**"), which represents 3% of the total number of issued Shares of the Company as at October 15, 2021. No Options shall be granted to any eligible person ("**Relevant Eligible Person**") if the number of Shares issued and to be issued upon the exercise of all Options granted and to be granted (including exercised, cancelled and outstanding Options) to the Relevant Eligible Person in the 12-month period up to and including the offer date of the relevant Option would exceed 1% of the total number of Shares in issue at such time. The Share Option Scheme will be valid and effective for a period of 10 years commencing from October 15, 2021. The exercise period of the granted Options will be ten (10) years from the date of grant. During the Reporting Period, no Share Options were exercised. As of the date of this announcement, 7,047,000 Shares are available for issue under the Share Option Scheme upon exercise of all Share Options which had been granted and yet to be exercised under the Share Option Scheme, representing approximately 1.12% of the total number of issued Shares of the Company.

An offer shall be deemed to have been granted and the Option to which the offer relates shall be deemed to have been accepted when the Company receives the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance of the Option price, being HK$1.00 payable for each acceptance of grant of an Option, to the Company. The exercise price of the Share Options shall be a price determined by the Board and the basis of which shall be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day; (b) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date; and (c) the nominal value of a Share.

The Share Option Scheme does not stipulate a minimum period for which an Option must be held before an Option may be exercised. However, under the Share Option Scheme, the Board may in its absolute discretion specify such conditions, restrictions or limitations as it thinks fit when making an offer to the Relevant Eligible Person (including, without limitation, as to any performance targets which must be satisfied by the Relevant Eligible Person and/or the Company and/or its subsidiaries, and any minimum period for which an Option must be held, before an Option may be exercised, if any), provided that such conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme.

The exercise price of the Share Options granted is HK$66.80 per Share, representing the highest of: (i) the closing price of HK$66.80 per Share as stated in the Stock Exchange's daily quotations sheet on the grant date; (ii) the average closing price of HK$63.96 per Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date; and (iii) the nominal value of US$0.00001 per Share.

Share Options granted under the Share Option Scheme shall be valid and effective for a period of 10 years from the date of grant and vest over a five-year period, with 20%, 20%, 20%, 20% and 20% of total Share Options vesting on March 31 each year from 2023 to 2027. Details of the movements, the exercise price and the vesting date of the Options granted and outstanding during the Reporting Period and the impact of Options granted under the Share Option Scheme on the financial statements are set out in the announcement of the Company dated August 24, 2021 and circular of the Company dated September 23, 2021 and under Note 17 to the consolidated financial statements.

The number of Share Options available for grant under the Share Option Scheme was 10,657,000 shares and 10,657,000 shares as of January 1, 2023 and December 31, 2023, respectively. During the Reporting Period, the number of Shares underlying the Share Options that granted under the Share Options Scheme divided by the weighted average number of total Shares in issue during the Reporting Period is nil.

The table below shows details of the movements in the Share Options granted and outstanding under the Share Option Scheme during the Reporting Period:

Category and name of participants	Date of grant	Exercise price per share	Closing price of Shares immediately before the date of grant	Closing price (weighted average) of Shares immediately before the date of exercise/vest	Fair value at the date of grant *(Note 5)*	Outstanding as at January 1, 2023	Granted during the Reporting Period	Vested as at December 31, 2023	Exercised during the Reporting Period	Exercise Period	Cancelled/ lapsed/ forfeited during the Reporting Period *(Note 4)*	Exercise price of cancelled/ lapsed/ forfeited during the Reporting Period	Outstanding as at December 31, 2023	Vesting date *(Note 3)*	Performance targets
Directors or chief executive and their associate															
Mr. Zhu Yiwen	November 12, 2021	HK$66.80	HK$66.05	—	HK$6,740,146	280,000	—	56,000	—	10 years	—	—	224,000	*(Note 1)*	—
Ms. Cheng Huanhuan	November 12, 2021	HK$66.80	HK$66.05	—	HK$1,925,756	80,000	—	16,000	—	10 years	—	—	64,000	*(Note 1)*	—
Mr. Ren Ai	November 12, 2021	HK$66.80	HK$66.05	—	HK$2,888,634	120,000	—	24,000	—	10 years	—	—	96,000	*(Note 1)*	—
Mr. Zhang Wenshan	November 12, 2021	HK$66.80	HK$66.05	—	HK$1,444,317	60,000	—	12,000	—	10 years	—	—	48,000	*(Note 1)*	—
Ms. Jiang Hui	November 12, 2021	HK$66.80	HK$66.05	—	HK$1,444,317	60,000	—	12,000	—	10 years	—	—	48,000	*(Note 1)*	—
Sub-total						600,000	—	120,000	—	—	—	—	480,000		
Substantial Shareholders and their associates								N/A							
Participants with options in excess of 1% individual limit								N/A							
Related entity participants or service providers with options granted and to be granted during the year exceeding 0.1% individual limit								N/A							
Other employees participants (in aggregate)															
557 employees	November 12, 2021	HK$66.80	HK$66.05	—	HK$153,656,830	6,738,000	—	1,332,800	—	10 years	186,800	—	5,218,400	*(Note 2)*	—
Sub-total						6,738,000	—	1,332,800	—	—	186,800	—	5,218,400		—
Other related entity participants								N/A							
Other service providers								N/A							
Total						7,338,000	—	1,452,800	—	—	186,800	—	5,698,400		—

Notes:

Note 1

As of December 31, 2023, the vesting dates of the Share Options granted to the Directors are as follows:

Number of Share Options	**Vesting Date**
20% of the total Share Options	March 31, 2023;
20% of the total Share Options	March 31, 2024;
20% of the total Share Options	March 31, 2025;
20% of the total Share Options	March 31, 2026; and
20% of the total Share Options	March 31, 2027.

Note 2

As of December 31, 2023, the vesting dates of the Share Options granted to the employees are as follows:

Number of Share Options	**Vesting Date**
20% of the total Share Options	March 31, 2023;
20% of the total Share Options	March 31, 2024;
20% of the total Share Options	March 31, 2025;
20% of the total Share Options	March 31, 2026; and
20% of the total Share Options	March 31, 2027.

Note 3

The vesting of the Share Options is conditional on the fulfillment of certain performance targets, which are set out in the respective letter of offer of each Relevant Eligible Person.

Note 4

Where the Share Options are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognized in relation to such share options are reversed on the effective date of the forfeiture.

Note 5

The fair value of Share Options at the date of grant has been prepared in accordance with all applicable IFRS and the disclosure requirements of Hong Kong Companies Ordinance Cap.622. For details of the basis of calculation, please refer to Note 17 to the consolidated financial statements.

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 C1 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, 2023 (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 re-designated 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 Yiwen assumes the dual role as the Chairman of the Board and the chief executive officer of the Company. Accordingly, notwithstanding that the code provision C.2.1 of the CG Code 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 of the Company. As such, the Board believes that the management structure of the Company will ensure management efficiency and at the same time, protect the rights and interests 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 THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Director's securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he or she has complied with the required standard as set out in the Model Code for the year ended December 31, 2023.

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. Zhao Chun. The primary duties of the Audit Committee include, among others, reviewing the Company's compliance, accounting policies and financial reporting procedures, supervising the implementation of the Company's internal audit system, advising on the appointment or replacement of external auditors, liaising between internal audit department and external auditors, and other responsibilities as authorized by the Board.

The Audit Committee has, together with the management and auditor of the Company, reviewed the accounting standards and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2023, 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, 2023 as set out in this announcement have been compared 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, 2023 and were found in agreement. PricewaterhouseCoopers have conducted the agreed-upon procedures engagement in accordance with the Hong Kong Standard on Related Services 4400 (Revised), *Agreed-upon Procedures Engagements* and with reference to Practice Note 730 (Revised), *Guidance for Auditors Regarding Preliminary Announcements of Annual Results* issued by the Hong Kong Institute of Certified Public Accountants. This agreed-upon procedures engagement is not an assurance engagement. Accordingly, PricewaterhouseCoopers do not express an opinion or an assurance conclusion.

SUBSEQUENT EVENT

There was no significant event that might affect the Group after the Reporting Period.

ANNUAL GENERAL MEETING

The AGM will be held on June 28, 2024. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website 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 25, 2024 to June 28, 2024, 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, 2024 will be June 28, 2024. In order to be eligible for attending the AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on June 24, 2024.

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 2023 annual report containing all the information required by the Listing Rules will be 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, 2023 together with the comparative figures for the same period in 2022:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
	Notes	**2023**	2022
		RMB'000	*RMB'000*
Revenue	*3*	**4,076,680**	3,195,648
Cost of revenue	*3,6*	**(2,790,428)**	(2,167,095)
Gross profit		**1,286,252**	1,028,553
Selling expenses	*6*	**(50,567)**	(26,091)
Administrative expenses	*6*	**(412,183)**	(296,927)
Other income	*4*	**50,674**	21,336
Other gains/(losses) — net	*5*	**14,928**	(60,050)
Operating profit		**889,104**	666,821
Finance income	*7*	**10,153**	17,318
Finance costs	*7*	**(43,170)**	(40,828)
Finance costs — net		**(33,017)**	(23,510)
Profit before income tax		**856,087**	643,311
Income tax expense	*8*	**(171,139)**	(161,435)
Profit and total comprehensive income for the year		**684,948**	481,876
Profit and total comprehensive income attributable to			
— Owners of the Company		**682,928**	476,784
— Non-controlling interests		**2,020**	5,092
Earnings per share (expressed in RMB per share)			
— Basic earnings per share *(in RMB)*	*9*	**1.08**	0.77
— Diluted earnings per share *(in RMB)*	*9*	**1.08**	0.77

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at December 31, 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4,630,468**	2,998,903
Intangible assets		**3,945,827**	2,383,850
Prepayments for non-current assets	*12*	**138,790**	78,544
Deferred income tax assets		**43,888**	31,174
Total non-current assets		**8,758,973**	5,492,471
Current assets			
Inventories		**207,942**	153,859
Trade, other receivables and prepayments	*12*	**979,396**	694,293
Amounts due from related parties		**20,255**	16,608
Financial assets at fair value through profit or loss	*10*	**206,151**	30,946
Restricted cash	*11*	**12,104**	—
Cash and cash equivalents	*11*	**549,742**	853,768
Total current assets		**1,975,590**	1,749,474
Total assets		**10,734,563**	7,241,945
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	*13*	**7,634,348**	7,047,087
Other reserves		**(2,805,189)**	(2,851,903)
Retained earnings		**1,404,037**	738,573
		6,233,196	4,933,757
Non-controlling interests		**21,678**	6,306
Total equity		**6,254,874**	4,940,063

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
	Notes	**2023**	2022
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*14*	**2,318,992**	1,102,860
Deferred income tax liabilities		**168,409**	126,982
Deferred revenue		**36,084**	34,573
Lease liabilities		**2,437**	3,128
Other non-current liabilities		**9,620**	8,308
Total non-current liabilities		**2,535,542**	1,275,851
Current liabilities			
Trade and other payables	*15*	**1,410,054**	740,847
Contract liabilities		**54,258**	29,204
Current income tax liabilities		**76,677**	72,850
Lease liabilities		**793**	2,727
Borrowings	*14*	**402,365**	180,403
Total current liabilities		**1,944,147**	1,026,031
Total liabilities		**4,479,689**	2,301,882
Total equity and liabilities		**10,734,563**	7,241,945

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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) and (ii)), 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;

(ii) Other Business including:

(a) Provision of radiotherapy services to certain third-party hospitals in connection with their radiotherapy centers, including: provision of radiotherapy center consulting services, licensing of radiotherapy equipment for use in the radiotherapy centers, and provision of maintenance and technical support services in relation to radiotherapy equipment;

(b) Provision of management services to private not-for-profit hospitals; and

(c) Sales of pharmaceutical, medical consumables and medical equipment to third parties.

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

The Company completed its Initial Public Offerings ("**IPO**") and listed its shares on Main Board of the Stock Exchange of Hong Kong Limited ("**HKSE**") 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 IFRS Accounting Standards ("IFRS") and the disclosure requirements of Hong Kong Companies Ordinance Cap.622 ("HKCO")

The consolidated financial statements of the Group have been prepared in accordance with 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 measured at fair value.

(iii) Amendments and interpretations to IFRS effective for the financial year beginning on or after January 1, 2023 but do not have a material impact on the Group

		Effective for annual periods beginning on or after
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 IAS 12	International Tax Reform Pillar Two Model Rules	Immediately

The standards and amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards, amendments and interpretations not yet been adopted

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	January 1, 2024
Amendments to IAS 1	Non-current liabilities with covenants	January 1, 2024
Amendments to IFRS 16	Lease liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
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, amendments and interpretations. According to the preliminary assessment made by the directors, these amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION AND REVENUE

(a) Description of segments and principal activities

The Group's business activities, for which discrete financial information is 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; and
- Other Business.

The CODM assesses the performance of the operating segments mainly based on segment revenues, segment cost of revenue, gross profit and operating profit. 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 following items are not allocated to individual operating segments:

(i) Administrative expense, other income and other gains/(losses) — net incurred by the entities which perform the management functions as the headquarter, finance costs — net, and income tax expenses; and

(ii) Assets and liabilities of the entities which perform the management functions as the headquarter, deferred income tax assets and deferred income tax liabilities.

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, 2023			
	Hospital Business	Other Business	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	3,890,293	186,387	—	4,076,680
Cost of revenue	(2,711,134)	(79,294)	—	(2,790,428)
Gross profit	1,179,159	107,093	—	1,286,252
Selling expenses	(50,567)	—	—	(50,567)
Administrative expenses	(341,327)	(12,630)	(58,226)	(412,183)
Other income	46,418	4,119	137	50,674
Other (losses)/gains — net	(7,181)	(3,737)	25,846	14,928
Segment profit	826,502	94,845	(32,243)	889,104
Finance income				10,153
Finance costs				(43,170)
Finance costs — net				(33,017)
Profit before income tax				856,087
As at December 31, 2023				
Assets				
Segment Assets	9,829,881	181,763	679,031	10,690,675
Deferred income tax assets				43,888
Total Assets				10,734,563
Liabilities				
Segment Liabilities	3,984,947	236,216	90,117	4,311,280
Deferred income tax liabilities				168,409
Total Liabilities				4,479,689
Other segment information				
Depreciation of property, plant, and equipment	179,493	12,139	2,453	194,085
Amortization of intangible assets	14,477	698	1,282	16,457
Additions of non-current assets except for deferred income tax assets	3,455,114	30,819	2,641	3,488,574

	Year ended December 31, 2022			
	Hospital Business	Other Business	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	3,027,260	168,388	—	3,195,648
Cost of revenue	(2,097,555)	(69,540)	—	(2,167,095)
Gross profit	929,705	98,848	—	1,028,553
Selling expenses	(26,091)	—	—	(26,091)
Administrative expenses	(227,873)	(13,635)	(55,419)	(296,927)
Other income	16,301	4,931	104	21,336
Other gains/(losses) — net	8,876	(218)	(68,708)	(60,050)
Segment profit	700,918	89,926	(124,023)	666,821
Finance income				17,318
Finance costs				(40,828)
Finance costs — net				(23,510)
Profit before income tax				643,311
As at December 31, 2022				
Assets				
Segment Assets	6,234,721	176,417	799,633	7,210,771
Deferred income tax assets				31,174
Total Assets				7,241,945
Liabilities				
Segment Liabilities	1,968,218	173,375	33,307	2,174,900
Deferred income tax liabilities				126,982
Total Liabilities				2,301,882
Other segment information				
Depreciation of property, plant, and equipment	127,511	12,285	2,302	142,098
Amortization of intangible assets	9,831	698	554	11,083
Additions of non-current assets except for deferred income tax assets	660,436	15,847	5,807	682,090

(b) Revenue by business line and nature:

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Hospital Business		
— Outpatient services	**1,351,356**	1,097,754
— Inpatient services	**2,538,937**	1,929,506
Other Business	**186,387**	168,388
Total revenue	**4,076,680**	3,195,648
Including revenue from contracts with customers	**4,038,705**	3,144,566

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
— Inpatient services	**180,605**	132,249
— Other Business	**77,556**	86,284
Over time	**258,161**	218,533
— Inpatient services	**2,358,332**	1,797,257
— Outpatient services	**1,351,356**	1,097,754
— Other Business	**70,856**	31,022
At a point in time	**3,780,544**	2,926,033
Revenue from contracts with customers	**4,038,705**	3,144,566

(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, 2023 and 2022.

(e) Accounting policies for revenue recognition

The Group operates two types of business, namely:

- Hospital Business; and
- Other Business.

Revenue is measured at the fair value of the consideration received or receivable for the goods or services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales between the Group companies. The Group recognizes revenue when it transfers control of the goods or render services to a customer.

Hospital Business:

Revenue from ancillary medical services includes outpatient and inpatient services and is recognized when the related services have been rendered. The subsequent agreement on the government approved annual quota for the medical fees to be recovered from the relevant public medical insurance program have been treated as changes in variable considerations. The Group estimates the variable considerations based on the most likely amount, which is based on historical practice and all reasonably available information and adjusts to the actual amount for the satisfied ancillary medical services in the period when the annual quota is agreed.

(i) Outpatient services

For outpatient services, the patient normally receives outpatient treatment which contains various treatment components. Outpatient services contain more than one performance obligations, including (i) provision of consultation services and (ii) sale of pharmaceutical products. The Group allocates the transaction price to each performance obligation on relative stand-alone selling price basis. Both (i) provision of consultation services and (ii) sale of pharmaceutical products for which the control of services or pharmaceutical products is transferred at a point in time, revenue is recognized when the customer obtains the control of the completed services or pharmaceutical products and the Group has satisfied its performance obligations with present right to payment and the collection of the consideration is probable.

(ii) Inpatient services

For inpatient services, the customers normally receive inpatient treatment which contains various treatment components. Inpatient services contain more than one performance obligations, including (i) provision of consultation services, (ii) provision of inpatient healthcare services and (iii) sale of pharmaceutical products. The Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

For revenue from (i) provision of consultation services and (iii) sale of pharmaceutical products for which control of services or pharmaceutical products is transferred at a point in time, revenue is recognized when the customer obtains the control of the completed services or pharmaceutical products and the Group has satisfied its performance obligations with present right to payment and the collection of the consideration is probable.

For revenue from (ii) provision of inpatient healthcare services, the corresponding revenue is recognized over the service period when customers simultaneously receive the services and consumes the benefits provided by the Group's performance as the Group performs.

Other Business:

Other business includes radiotherapy center service, radiotherapy equipment leases, radiotherapy equipment sales, radiotherapy equipment disposal service, radiotherapy equipment post-sales repair and maintenance service, hospital management services and sales of pharmaceutical, medical consumables and medical equipment to third parties.

(i) Radiotherapy center service

The Group has signed cooperation agreement with the radiotherapy centers for (i) Lease of radiotherapy equipment (ii) provision of technical support and maintenance service and (iii) provision of radiotherapy center consulting service. The consideration is calculated based on pre-set formulas set out in the arrangements primarily relating to the radiotherapy centers' revenue. The Group has allocated the lease component and non-lease component and further allocate between technical support and maintenance service and radiotherapy center consulting service on a relative stand-alone selling price basis.

The Group has outsourced the radiotherapy service to third parties and recorded revenue on gross basis. Determining whether such revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. The Group needs to first identify who controls the service before they are transferred to radiotherapy centers. The Group is a principal if it obtains control of the service from third parties that it then transfers to the customer. There are indicators that the Group is a principal, when the Group is primarily obligated in a transaction, is subject to inventory risk, and has latitude in establishing prices and selecting suppliers.

(ii) Radiotherapy equipment leases

The Group has agreed with customers in provision of radiotherapy equipment and related technical support and maintenance service at agreed amount annually. The Group has allocated the lease component and non-lease component on a relative stand-alone selling price basis.

(iii) Radiotherapy equipment sales

Revenue from the sales of radiotherapy equipment is recognized when control of the radiotherapy equipment has been transferred, being when the radiotherapy equipment is installed and accepted by the customers.

(iv) Radiotherapy equipment disposal service

All the radiotherapy equipment needs to be disposed carefully to comply with safety requirements when they were abandoned. The Group provides disposal service to the equipment sold by the Group and charges customers at a fixed fee. Revenue from the radiotherapy equipment disposal service is recognized when the safety certification from the government is obtained.

(v) Radiotherapy equipment post-sales repair and maintenance service

The Group also provides radiotherapy equipment post-sales repair and maintenance service for a fixed fee. Revenue from radiotherapy equipment post-sales repair and maintenance service is recognized evenly over the service period as specified in the contracts.

(vi) Hospital management services

The Group provides the management related services to other hospitals, usually over a service period of 40 years. The hospital receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue from provision of trustee hospital management services is recognized over the period in which the services are rendered.

For revenue from trustee hospital management services, service fee is calculated based on pre-set formulas set out in the arrangements, which primarily relating to the trustee hospital's revenue.

(vii) Sales of pharmaceutical, medical consumables and medical equipment

Revenue from sales of pharmaceutical, medical consumables and medical equipment are recognized when control of the inventory has been transferred, being when the inventory is delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the inventory.

4 OTHER INCOME

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Government grants *(i)*	**42,917**	19,631
Others	**7,757**	1,705
	50,674	21,336

(i) ***Government grants***

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

5 OTHER GAINS/(LOSSES) — NET

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Net foreign exchange gains/(losses)	**11,095**	(70,885)
Realised and unrealised gains on financial assets at FVPL	**15,562**	2,392
Losses on disposal of property, plant and equipment, and intangible assets	**(4,829)**	(454)
Others	**(6,900)**	8,897
	14,928	(60,050)

6 EXPENSES BY NATURE

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Employee benefits expenses	**1,335,866**	1,049,765
Cost of pharmaceuticals, medical consumables and other inventories	**1,241,409**	893,951
Depreciation and amortization	**210,542**	153,181
Consultancy and professional service fees	**109,479**	108,052
Utilities, cleaning and afforestation expenses	**92,952**	72,037
Radiotherapy service fees	**81,523**	83,752
Travelling, entertainment, vehicle and office expenses	**51,834**	33,002
Taxation expenses	**30,038**	18,579
Repair and maintenance expenses	**19,377**	11,485
Marketing and promotion expenses	**18,576**	6,881
Auditor's remuneration		
— Audit services	**3,600**	3,500
Rental expenses	**1,872**	2,002
Other expenses	**56,110**	53,926
	3,253,178	2,490,113

7 FINANCE COSTS — NET

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Finance income		
Interest income of bank savings	**10,153**	17,318
Finance costs		
Interest expense on borrowings	**(74,348)**	(50,117)
Interest expense on lease liabilities	**(238)**	(158)
Net exchange losses on foreign currency borrowings	**—**	(5,947)
	(74,586)	(56,222)
Amount capitalised *(i)*	**31,416**	15,394
Finance costs expensed	**(43,170)**	(40,828)
Finance costs — net	**(33,017)**	(23,510)

(i) The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year, in this case 4.20% (2022: 4.08%).

8 INCOME TAX EXPENSE

(a) Income tax expense

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Current income tax		
— PRC corporate income tax	**158,951**	163,087
Deferred income tax	**12,188**	(1,652)
	171,139	161,435

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 Hospital Co., Ltd. ("**Chongqing Hygeia Hospital**"), Hezhou Guangji Hospital, Kaiyuan Jiehua Hospital Co., Ltd, Qihai (Chongqing) Pharmaceutical Co., Ltd. and Chang'an Hospital Co., Ltd. ("**Chang'an Hospital**") 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 60% of the total income in that year. The construction and service of general medical facilities business of the above entities comply with the policies and such entities are subject to a tax concession rate of 15% for the years ended December 31, 2023 and 2022.

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, renewed on November 15, 2023). 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, 2023 and 2022. 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 at December 31, 2023, 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 RMB1,767,972,000 (December 31, 2022: approximately RMB1,088,980,000). 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,	
	2023	2022
	RMB'000	*RMB'000*
Profit before income tax	**856,087**	643,311
Tax calculated at applicable statutory tax rate of 25%	**214,022**	160,828
Effect of different tax rates	**(50,817)**	(10,254)
Items not deductible for tax purposes	**9,749**	12,739
Additional deduction on research and development expenses	**(1,815)**	(1,878)
	171,139	161,435

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, 2023 and 2022.

	Year ended December 31,	
	2023	2022
Profit attributable to owners of the Company *(RMB'000)*	**682,928**	476,784
Weighted average number of shares in issue	**631,118,721**	616,820,507
Basic earnings per share *(in RMB)*	**1.08**	0.77

(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. In November 2021, the Company granted share options to employees (Note 17). For the years ended December 31, 2023 and 2022, the outstanding share options issued under the Company's share option scheme are dilutive potential ordinary shares. During the year ended December 31, 2023 and 2022, the dilutive potential ordinary shares were not included in the calculation of diluted earnings per share as their inclusion would be anti-dilutive. Accordingly, diluted earnings per share for the years ended December 31, 2023 and 2022 are the same as basic earnings per share.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Structured deposit products	**100,024**	—
Wealth management products	**106,127**	30,946
	206,151	30,946

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 commercial banks in the PRC.

The structured deposit products and wealth management products of banks are denominated in RMB, with expected rates of returns ranging from 1.7% to 2.8% per annum for the year ended December 31, 2023 (2022: from 1.1% to 3.7%).

11 CASH AND CASH EQUIVALENTS

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Cash at bank and on hand	**561,846**	853,768
Less: restricted cash *(i)*	**(12,104)**	—
Cash and cash equivalents	**549,742**	853,768

(i) These deposits are subject to regulatory restrictions for guarantee of construction in progress and are therefore not available for general use by entities within the group.

Cash and cash equivalents were denominated in the following currencies:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
RMB	**548,583**	831,902
USD	**948**	21,614
HKD	**211**	252
	549,742	853,768

12 TRADE, OTHER RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Included in current assets		
Trade receivables *(i)*	**863,969**	594,614
Other receivables		
— Deposits receivables	**15,850**	31,021
— Others	**28,043**	18,331
	43,893	49,352
Prepayments to suppliers	**71,534**	50,327
	979,396	694,293
Included in non-current assets		
Prepayments for property, plant and equipment	**138,790**	78,544
	1,118,186	772,837

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Within 90 days	**550,418**	364,116
91 to 180 days	**146,751**	119,394
181 to 365 days	**132,534**	76,139
1 to 2 years	**28,791**	32,667
2 to 3 years	**4,446**	895
3 to 4 years	**789**	854
4 to 5 years	**240**	549
	863,969	594,614

The Group's trade receivables are denominated in RMB.

(a) Classification as trade and other receivables

Trade receivables are amounts due from patients, governments' social insurance schemes and distributors for pharmaceutical sales and service rendered in the ordinary course of business. Majority of other receivables are staff advance and rental deposit. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. For trade receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9.

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, 2023 and December 31, 2023	5,000,000,000	50,000	—	—
Issued and fully paid:				
At January 1, 2023	616,724,200	6,167	42	7,047,045
Issue of shares upon placing *(i)*	14,800,000	148	1	681,739
Dividends *(ii)*	—	—	—	(94,479)
At December 31, 2023	631,524,200	6,315	43	7,634,305
At December 31, 2021 and January 1, 2022	618,000,000	6,180	42	7,082,873
Repurchase of ordinary shares	(1,275,800)	(13)	—*	(35,828)
At December 31, 2022	616,724,200	6,167	42	7,047,045

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

(i) On January 4, 2023, the Company entered into a placing agreement with J.P. Morgan Securities (Asia Pacific) Limited, pursuant to which the Company agreed to place 14,800,000 shares at a price of HKD53.50 per share. On January 11, 2023, all conditions to the agreement were fulfilled and the placing has completed. The net proceeds (after deducting all applicable costs and expenses, including commission) from the placing was approximately HKD785,400,000 (equivalent to approximately RMB681,740,000).

(ii) The Board recommended the payment of final dividend of approximately RMB94,479,000 for the year ended December 31, 2022 which was approved by the shareholders at the annual general meeting of the Company at June 28, 2023. The final dividend was paid to the shareholders on July 27, 2023.

14 BORROWINGS

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Bank borrowings	**2,715,307**	1,283,263
Non-current liabilities:		
— Long-term bank borrowings-secured *(i)*	**2,191,015**	1,157,630
— Long-term bank borrowings-unsecured	**312,292**	6,200
Less: current portion	**(184,450)**	(60,970)
	2,318,857	1,102,860
Current liabilities:		
— Short-term bank borrowings-unsecured	**212,000**	119,433
— Current portion of non-current liabilities	**184,450**	60,970
	396,450	180,403
Other borrowings *(ii)*	**6,050**	—
Non-current liabilities:		
— Long-term other borrowings-secured *(i)*	**6,050**	—
Less: current portion	**(5,915)**	—
	135	—
Current liabilities:		
— Current portion of non-current liabilities	**5,915**	—
	5,915	—
Total	**2,721,357**	1,283,263

(i) All secured borrowings are guaranteed and pledged as shown below:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Pledged by property, plant and equipment	**785,748**	219,112
Secured by equity pledge of certain subsidiaries of the Group	**1,411,317**	938,518
	2,197,065	1,157,630

The Group's bank borrowings as at December 31, 2023 of approximately RMB785,748,000 (2022: approximately RMB219,112,000) were secured by certain buildings, right-of-use for lands and construction in progress of the Group with total carrying values of approximately RMB751,882,000 (2022: approximately RMB358,926,000).

The Group's bank borrowings as at December 31, 2023 of approximately RMB1,411,317,000 (2022: approximately RMB938,518,000) were secured by 100% equity of Suzhou Yongding Medical Management Service Co., Ltd., 100% equity of Etern Healthcare (HK) Limited, 100% equity of Etern Group Ltd., 98% equity of Suzhou Yongding Hospital Co., Ltd., 70% equity of Chang'an Hospital and 70% equity of Yixing Hygeia Hospital.

(ii) Other borrowings represented borrowings from the financial leasing companies secured by certain property, plant and equipment.

15 TRADE AND OTHER PAYABLES

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade payables *(i)*	**687,100**	396,221
Salaries payable	**355,066**	187,116
Payables for construction projects	**161,547**	80,835
Payables of considerations for acquiring equity interest of subsidiaries *(ii)*	**65,171**	98
Other taxes payable	**43,674**	30,230
Payables of surcharge for tax overdue payments	**7,578**	7,578
Deposits payable	**7,543**	1,145
Prepayments received for radiotherapy equipment licensing	**6,430**	8,100
Others	**75,945**	29,524
	1,410,054	740,847

(i) 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 dates:

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
0 to 90 days	**479,403**	333,883
91 to 180 days	**129,778**	34,410
181 to 365 days	**45,316**	14,570
Over 1 year	**32,603**	13,358
	687,100	396,221

(ii) As at December 31, 2023, the payables of considerations for acquiring equity interest of subsidiaries mainly represent the outstanding consideration for acquiring Datang HK, Chang'an Hospital and Yixing Hygeia Hospital, which are payable within one year from the acquisition date. See Note 16 for details.

16 BUSINESS COMBINATION

(a) Yixing Hygeia Hospital

On May 9, 2023, the Group entered into an equity interest acquisition agreement to acquire an aggregate of 89.2% equity interest in Yixing Hygeia Hospital at the total consideration of approximately RMB267,800,000. Yixing Hygeia Hospital, formerly known as Yixing City Fourth People's Hospital, located in Yixing City of Jiangsu Province, was founded in 1951 and is a Class IIA general hospital with a history of more than 70 years. Details of the acquisition are set out in the Company's announcement dated May 9, 2023.

The acquisition was completed on May 31, 2023, and after the acquisition, Yixing Hygeia Hospital has become an indirect non-wholly-owned subsidiary of the Company, and the financial results of it were consolidated into the financial statements of the Group.

The fair values of the identifiable assets and liabilities of the Yixing Hygeia Hospital as at the date of acquisitions are set out as follows:

	At date of acquisition Fair value
	RMB'000
Property, plant and equipment	352,525
Intangible assets	22,310
Deferred income tax assets	1,892
Inventories	7,169
Trade, other receivables and prepayments	26,404
Cash and cash equivalents	33,535
Deferred income tax liabilities	(6,453)
Trade and other payables	(121,025)
Contract liabilities	(18,293)
Borrowings	(174,810)
Fair value of net identifiable assets	123,254
Less: non-controlling interests	(13,311)
Goodwill	157,857
Total consideration for the subscription and acquisition	267,800
Total purchase consideration comprises:	
Cash paid during the year ended December 31, 2023	252,960
Consideration payable	14,840

The goodwill is attributable to Yixing Hygeia Hospital's professional medical team and good reputation in the hospital business and synergies expected to arise after the Company's acquisition. It has been allocated to Hospital Business segment. None of the goodwill is expected to be deductible for tax purposes.

(i) Acquisition-related cost

Acquisition-related costs of approximately RMB322,000 are included in administrative expenses in profit or loss for the year ended December 31, 2023.

(b) Wuxi Subang Medical Technology Co., Ltd.

On May 9, 2023, the Group entered into a share purchase agreement to acquire an aggregate of 89.2% equity interest in Wuxi Subang Medical Technology Co., Ltd. ("**Subang Medical Technology**") at the total consideration of RMB2,910,000. Subang Medical Technology is principally engaged in the pharmaceutical and health supplements supplies and medical equipment retails business.

The acquisition was completed on May 31, 2023, and after the acquisition, Subang Medical Technology has become an indirect non-wholly-owned subsidiary of the Company, and the financial results of them were consolidated into the financial statements of the Group.

The fair values of the identifiable assets and liabilities of the Subang Medical Technology as at the date of acquisitions are set out as follows:

	At date of acquisition Fair value
	RMB'000
Inventories	446
Trade, other receivables and prepayments	2,626
Cash and cash equivalents	389
Trade and other payables	(1,084)
Borrowings	(2,000)
Fair value of net identifiable assets	377
Less: non-controlling interests	(41)
Goodwill	2,574
Total purchase consideration	2,910
Total purchase consideration comprises:	
Cash paid during the year ended December 31, 2023	2,677
Consideration payable	233

The goodwill is attributable to Subang Medical Technology's benefits in the pharmaceutical supply business and synergies expected to arise after the Company's acquisition. It has been allocated to Hospital Business segment. None of the goodwill is expected to be deductible for tax purposes.

(i) Acquisition related cost

No significant acquisition-related costs occurred for this deal, hence no acquisition-related costs are included in administrative expenses in profit or loss for the year ended December 31, 2023.

(c) Datang Healthcare Corporation Limited and Chang'an Hospital

On July 25, 2023, the Group entered into an acquisition agreement to acquire, (i) the entire issued share capital of Datang HK, which holds 70% equity interest in Chang'an Hospital, and (ii) 30% equity interest in Chang'an Hospital directly. The total consideration of the above transactions is RMB1,660,000,000. Details of the acquisition are set out in the Company's announcement dated July 25, 2023.

The acquisition was completed on August 31, 2023, and after the acquisition, Datang HK became a direct wholly-owned subsidiary of the Company and Chang'an Hospital has become an indirect wholly-owned subsidiary of the Company, and the financial results of them were consolidated into the financial statements of the Group.

The fair values of the identifiable assets and liabilities of Datang HK and Chang'an Hospital as at the date of acquisitions are set out as follows:

	At date of acquisition Fair value
	RMB'000
Property, plant and equipment	496,770
Intangible assets	42,592
Deferred income tax assets	1,722
Inventories	18,878
Trade, other receivables and prepayments	221,540
Cash and cash equivalents	109,286
Deferred income tax liabilities	(11,715)
Trade and other payables	(478,683)
Contract liabilities	(20,859)
Fair value of net identifiable assets	379,531
Goodwill	1,280,469
Total consideration for the subscription and acquisition	1,660,000
Total purchase consideration comprises:	
Cash paid during the year ended December 31, 2023	1,610,000
Consideration payable	50,000

The goodwill is attributable to Chang'an Hospital's professional medical team and good reputation in the hospital business and synergies expected to arise after the Company's acquisition. It has been allocated to Hospital Business segment. None of the goodwill is expected to be deductible for tax purposes.

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of Chang'an Hospital. The fair values of the assets and liabilities disclosed above have only been determined provisionally.

(i) Acquisition related cost

Acquisition-related costs of approximately RMB2,497,000 are included in administrative expenses in profit or loss for the year ended December 31, 2023.

(d) Qufu Chengdong Hospital

On November 30, 2023, the Group entered into an acquisition agreement to acquire an aggregate of 100% equity interest in Qufu Chengdong Cancer Hospital Co., Ltd. ("**Qufu Chengdong Hospital**") at the total consideration of RMB46,000,000. The Group holds 70% equity interest in Qufu Chengdong Hospital through Qufu Medical Management, and controls the remaining 30% equity interest through Hygeia Hospital Management. Details of the acquisition are set out in the Company's announcement dated November 30, 2023.

The acquisition was completed on December 31, 2023, and after the acquisition, Qufu Chengdong Hospital has become an indirect wholly-owned subsidiary of the Company, and the financial results of it were consolidated into the financial statements of the Group.

The fair values of the identifiable assets and liabilities of the Qufu Chengdong Hospital as at the date of acquisition are set out as follows:

	At date of acquisition Fair value
	RMB'000
Property, plant and equipment	18,507
Intangible assets	9,219
Deferred income tax assets	1,752
Inventories	389
Trade, other receivables and prepayments	5,332
Cash and cash equivalents	2,284
Deferred income tax liabilities	(2,351)
Trade and other payables	(37,377)
Contract liabilities	(28)
Fair value of net identifiable assets	(2,273)
Goodwill	48,273
Total consideration for the subscription and acquisition	46,000
Total purchase consideration comprises:	
Cash paid during the year ended December 31, 2023	46,000

The goodwill is attributable to Qufu Chengdong Hospital's professional medical team and good reputation in the hospital business and synergies expected to arise after the Company's acquisition. It has been allocated to Hospital Business segment. None of the goodwill is expected to be deductible for tax purposes.

(i) Acquisition related cost

Acquisition-related costs of approximately RMB213,000 are included in administrative expenses in profit or loss for the year ended December 31, 2023.

(e) Accounting policies for business combination

The Group applies the acquisition method to account for business combinations except for business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree at the acquisition date is remeasured to fair value at the acquisition date; any gain or loss arising from such remeasurement is recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets of the business acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

For business combination under common control, the merger accounting has been applied. In applying merger accounting, the financial information for the reporting period incorporates the financial statement items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognized in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination. The comparative amounts in the financial information for the reporting period are presented as if the entities had been combined at the previous balance sheet date unless they first came under common control at a later date.

17 SHARE-BASED COMPENSATION EXPENSES

In order to provide incentives and/or rewards to 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 (the "**Eligible Persons**") for their contributions to, and continuing efforts to promote the interests of, the Group and to enable the Group to recruit and retain talents, the shareholders of the Company adopted a share option scheme (the "**Share Option Scheme**") on October 15, 2021. Pursuant to the Share Option Scheme, on November 12, 2021 (the "**Grant Date**"), the Company granted 7,859,000 share options (the "**Share Options**") to 564 Eligible Persons, who are employees of the Company and its subsidiaries, to subscribe for up to an aggregate of 7,859,000 ordinary shares of the Company with a nominal value of USD0.00001 each in the share capital of the Company.

Share Options granted under the Share Option Scheme shall be valid and effective for a period of 10 years from the Grant Date and vest over a five-year period, with 20%, 20%, 20%, 20% and 20% of total Share Options vesting on March 31 each year from 2023 to 2027. Performance targets are set out for each batch of granted Share Options and determined annually by the Board. Details of the Share Options was disclosed in the Company announcement dated November 12, 2021. As at December 31, 2023, 1,452,800 share options of the Company were vested and 707,800 share options were forfeited due to dimission of the eligible person. Set out below are summaries of options movements under the plan:

	2023		2022	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
As at January 1	**HKD66.80**	**7,338,000**	HKD66.80	7,859,000
Forfeited during the year	**HKD66.80**	**(186,800)**	HKD66.80	(521,000)
As at December 31	**HKD66.80**	**7,151,200**	HKD66.80	7,338,000
Including: vested and exercisable at December 31	**HKD66.80**	**1,452,800**	HKD66.80	—

The Group uses the binomial option pricing model in determining the estimated fair value of the share options granted. The model requires the input of highly subjective assumptions. For the expected volatility, the trading history and observation period of the Group's own share price movement has not been long enough to match the life of the share option. Therefore, the Group has made reference to the historical price volatilities of ordinary shares of several comparable Hong Kong listed companies in the same industry as the Group. For the expected exercise multiple, the Group was not able to develop an exercise pattern as reference, thus the exercise multiple is based on management's estimation, which the Group believes is representative of the future exercise pattern of the options. The risk-free interest rate for periods within the contractual life of the option is based on the interest rate of 10-year Hong Kong government debt at the grant date.

The above transaction was considered as equity-settled share-based payment to employees and others in exchange for their services. The fair value of the Share Options granted to the Eligible Persons on the Grant Date, as determined by a professional valuation firm, was HKD168,100,000. The significant inputs into the Binomial valuation model were listed as below:

	As at Grant Date
Closing price of ordinary share	HKD66.80
Exercise price	HKD66.80
Expected exercise multiple	1.70–2.50
Expected volatility	30.23%
Risk-free interest rate	1.53%
Expected dividend yield	0.80%
Contractual life	10 years

The Group recorded aggregate RMB29,250,000 share-based compensation expenses in the consolidated statements of comprehensive income for the year ended December 31, 2023 (December 31, 2022: RMB38,085,000).

Accounting policies for share-based compensation

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of equity instruments (including share options) is recognized as an expense on the consolidated statements of comprehensive income. If the employees are entitled to receive dividends during the vesting period, the dividends expected to be paid during the vesting period is included in the award's grant date fair value. The total amount to be expensed is determined by reference to the fair value of the equity instruments (including share options) granted:

- Including any market performance conditions;
- Including the impact of any non-vesting conditions (for example, the requirement for employees to serve); and
- Excluding the impact of any service and non-market performance vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of equity instruments (including share options) that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as of the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital. The prepaid exercise price is recorded in equity or liabilities depending on whether the Group has the obligation to settle it by cash or other financial assets.

18 DIVIDENDS

The Board did not propose to declare any final dividend for the year ended December 31, 2023 (for the year ended December 31, 2022: RMB0.15 per share, in aggregate amounted to approximately RMB94.5 million).

19 SUBSEQUENT EVENTS

There have been no significant events subsequent to December 31, 2023 that would require adjustments to, or additional disclosure in, these consolidated financial statements.

DEFINITIONS AND GLOSSARY

"AGM"	annual general meeting of the Company to be held on June 28, 2024
"associates"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"Chang'an Hospital"	Chang'an Hospital Co., Ltd.* (長安醫院有限公司), a limited liability company incorporated under the laws of the PRC on December 31, 2002
"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, Macau and Taiwan
"Chongqing Hygeia Hospital"	Chongqing Hygeia Hospital Co., Ltd.* (重慶海吉亞醫院有限公司) (formerly known as Chongqing Hygeia Cancer Hospital Co., Ltd.* (重慶海吉亞腫瘤醫院有限公司) and 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

"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 Stock Exchange
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Datang HK"	Datang Healthcare Corporation Limited (大唐醫療有限公司), a private company limited by shares incorporated under the laws of Hong Kong on October 8, 2014
"Dezhou Hygeia Hospital"	Dezhou Hygeia Hospital Co., Ltd.* (德州海吉亞醫院有限公司) (formerly known as Dezhou Chongde Hospital Co., Ltd.* (德州崇德醫院有限公司)), a limited liability company established in the PRC on December 18, 2019 and a subsidiary of the Company
"Directors"	director(s) of the Company
"Gamma Star Tech"	Shanghai Gamma Star Technology Development Co., Ltd.* (上海伽瑪星科技發展有限公司), a limited liability company established in the PRC on May 20, 2004 and a subsidiary of the Company
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)
"Group"	the Company together with its subsidiaries
"Heze Hygeia Hospital"	Heze Hygeia Hospital Co., Ltd.* (菏澤海吉亞醫院有限公司), a limited liability company established in the PRC on January 23, 2013 and a subsidiary of the Company
"Hezhou Guangji Hospital"	Hezhou Guangji Hospital Co., Ltd.* (賀州廣濟醫院有限公司), a limited liability company established under the laws of the PRC on March 4, 2020 and a subsidiary of the Company

"HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"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 and a 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 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
"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 Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"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)
"Qufu Chengdong Hospital"	Qufu Chengdong Cancer Hospital Co., Ltd.* (曲阜城東腫瘤醫院有限公司), a limited liability company incorporated under the laws of the PRC on October 30, 2015
"radiotherapy"	a treatment that uses high energy to kill malignant cancer cells or other benign tumor cells
"radiotherapy center services"	the services the Group provides to certain hospital partners in connection with their radiotherapy centers, which are primarily composed of (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, 2023 to December 31, 2023
"RMB"	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
"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

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under section 15 of the Companies Ordinance
"Subang Medical Technology"	Wuxi Subang Medical Technology Co., Ltd.* (無錫市蘇邦醫療科技有限公司), a limited liability company incorporated under the laws of the PRC on April 1, 2020
"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
"Yixing Hygeia Hospital"	Yixing Hygeia Hospital Co., Ltd.* (宜興海吉亞醫院有限公司), a limited liability company incorporated under the laws of the PRC on April 6, 2023
"%"	per cent

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

Hong Kong, March 26, 2024

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. Zhao Chun and Mr. Ye Changqing as independent non-executive Directors.

* *For identification purpose only*