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**GENERTEC UNIVERSAL MEDICAL GROUP  
COMPANY LIMITED**

**通用環球醫療集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 2666)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**FINANCIAL HIGHLIGHTS**

- For the year ended 31 December 2023, the revenue amounted to approximately RMB13,650.2 million, representing an increase of 13.1% as compared with that of approximately RMB12,073.2 million for 2022, among which, the healthcare business recorded a revenue of approximately RMB7,832.8 million, up by 22.9% as compared to 2022, with its proportion to the total revenue increased to 57.4%.
- For the year ended 31 December 2023, the profit for the year amounted to approximately RMB2,199.1 million, representing an increase of 5.4% as compared with that of approximately RMB2,085.9 million for 2022, among which, the contribution from the healthcare business amounted to approximately RMB454.2 million, up by 20.6% as compared to 2022.
- For the year ended 31 December 2023, the profit for the year attributable to owners of the parent amounted to approximately RMB2,020.9 million, representing an increase of 7.0% as compared with that of approximately RMB1,888.4 million for 2022.
- As at 31 December 2023, the total assets amounted to approximately RMB80,344.7 million, representing an increase of 4.4% as compared with that of approximately RMB76,980.3 million as at 31 December 2022.
- As at 31 December 2023, the equity attributable to owners of the parent amounted to approximately RMB15,677.7 million, representing an increase of 12.1% as compared with that of approximately RMB13,980.4 million as at 31 December 2022.
- For the year ended 31 December 2023, the return on equity was 13.63%, and the return on total assets was 2.80%.

The Board is pleased to announce that the audited consolidated annual results of the Company and its subsidiaries for the year ended 31 December 2023 with the comparative figures for the year ended 31 December 2022 are as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000 (restated)
<b>REVENUE</b>	5	<b>13,650,203</b>	12,073,172
Cost of sales		<u>(9,078,344)</u>	<u>(7,578,878)</u>
Gross profit		<b>4,571,859</b>	4,494,294
Other income and gains	5	<b>620,371</b>	444,882
Selling and distribution costs		<b>(397,168)</b>	(441,603)
Administrative expenses		<b>(1,168,436)</b>	(913,997)
Impairment losses on financial assets, net		<b>(192,099)</b>	(307,139)
Loss on derecognition of financial assets measured at amortised cost		<b>(1,624)</b>	(1,154)
Other expenses		<b>(534,016)</b>	(549,826)
Finance costs		<b>(39,054)</b>	(35,645)
Share of profits and losses of:			
A joint venture		<b>13,449</b>	13,450
Associates		<u>(7,069)</u>	<u>12</u>
<b>PROFIT BEFORE TAX</b>	6	<b>2,866,213</b>	2,703,274
Income tax expense	9	<u>(667,141)</u>	<u>(617,326)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>2,199,072</b></u>	<u>2,085,948</u>
Attributable to:			
Owners of the parent		<b>2,020,918</b>	1,888,417
Non-controlling interests		<b>88,735</b>	126,128
Other equity instruments		<u><b>89,419</b></u>	<u>71,403</u>
		<u><b>2,199,072</b></u>	<u>2,085,948</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	<i>11</i>		
Basic ( <i>expressed in RMB per share</i> )		<u><b>1.07</b></u>	<u>1.00</u>
Diluted ( <i>expressed in RMB per share</i> )		<u><b>0.99</b></u>	<u>0.93</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000 (restated)
<b>PROFIT FOR THE YEAR</b>		<b><u>2,199,072</u></b>	<b><u>2,085,948</u></b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year	18	<b>28,631</b>	417,262
Reclassification adjustments for losses/(gains) included in the consolidated statement of profit or loss		<b>445,861</b>	(973,972)
Income tax effect		<b><u>(86,388)</u></b>	<u>105,134</u>
		<b>388,104</b>	(451,576)
Exchange differences on translation of foreign operations		<u>742</u>	<u>5,092</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		<b><u>388,846</u></b>	<u>(446,484)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Actuarial (losses)/gains on the post-retirement benefit obligations, net of tax	29	<b><u>(194)</u></b>	<u>1,371</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		<b><u>(194)</u></b>	<u>1,371</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>		<b><u>388,652</u></b>	<u>(445,113)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>2,587,724</u></b>	<b><u>1,640,835</u></b>
Attributable to:			
Owners of the parent		<b>2,409,665</b>	1,442,634
Non-controlling interests		<b>88,640</b>	126,798
Other equity instruments		<b><u>89,419</u></b>	<u>71,403</u>
		<b><u>2,587,724</u></b>	<b><u>1,640,835</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

		<b>31 December 2023</b>	31 December 2022	1 January 2022
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>	<i>RMB'000</i>
			(restated)	(restated)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	12	<b>4,391,417</b>	3,820,299	2,539,460
Right-of-use assets	13(a)	<b>1,161,459</b>	1,154,794	794,916
Goodwill	14	<b>286,538</b>	102,253	102,253
Investment in a joint venture	15	<b>496,472</b>	486,195	476,015
Investments in associates	16	<b>107,123</b>	28,769	4,284
Financial assets at fair value through profit or loss	17	<b>171,279</b>	245,987	366,470
Derivative financial instruments	18	–	100,544	6,915
Loans and accounts receivables	20	<b>41,543,421</b>	41,404,185	39,518,628
Prepayments, other receivables and other assets	21	<b>625,652</b>	654,962	507,510
Deferred tax assets	28	<b>702,163</b>	742,551	561,193
Equity investments designated at fair value through other comprehensive income		<b>2,778</b>	–	–
Other intangible assets		<b>161,266</b>	79,173	46,183
<b>Total non-current assets</b>		<b><u>49,649,568</u></b>	<u>48,819,712</u>	<u>44,923,827</u>
<b>CURRENT ASSETS</b>				
Inventories	19	<b>431,141</b>	388,052	272,278
Loans and accounts receivables	20	<b>25,718,469</b>	23,478,653	21,049,339
Prepayments, other receivables and other assets	21	<b>684,874</b>	678,656	369,064
Derivative financial instruments	18	<b>263,970</b>	131,610	–
Restricted deposits	22	<b>690,972</b>	778,303	954,862
Cash and cash equivalents	22	<b>2,848,973</b>	2,705,342	2,396,338
Financial assets at fair value through profit or loss	17	<b>45,362</b>	–	–
Debt investments at fair value through other comprehensive income	23	<b>11,415</b>	–	–
<b>Total current assets</b>		<b><u>30,695,176</u></b>	<u>28,160,616</u>	<u>25,041,881</u>
<b>CURRENT LIABILITIES</b>				
Trade and bills payables	24	<b>2,988,673</b>	2,294,424	1,140,380
Other payables and accruals	25	<b>4,400,914</b>	3,243,531	2,448,680
Interest-bearing bank and other borrowings	26	<b>22,537,605</b>	20,802,790	14,745,821
Derivative financial instruments	18	<b>26,608</b>	37,494	346,569
Tax payable		<b>119,641</b>	84,097	109,608
<b>Total current liabilities</b>		<b><u>30,073,441</u></b>	<u>26,462,336</u>	<u>18,791,058</u>
<b>NET CURRENT ASSETS</b>		<b><u>621,735</u></b>	<u>1,698,280</u>	<u>6,250,823</u>

		<b>31 December 2023</b>	31 December 2022	1 January 2022
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>	<i>RMB'000</i>
			(restated)	(restated)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>50,271,303</u></b>	<u>50,517,992</u>	<u>51,174,650</u>
<b>NON-CURRENT LIABILITIES</b>				
Derivative financial instruments	18	–	83,308	207,648
Other payables and accruals	25	<b>4,481,851</b>	4,324,302	3,655,649
Interest-bearing bank and other borrowings	26	<b>24,092,476</b>	25,125,611	28,544,061
Convertible bonds – host debts	27	<b>1,019,519</b>	982,982	882,689
Other non-current liabilities	35	<b>309,499</b>	280,968	257,200
<b>Total non-current liabilities</b>		<b><u>29,903,345</u></b>	<u>30,797,171</u>	<u>33,547,247</u>
<b>Net assets</b>		<b><u>20,367,958</u></b>	<u>19,720,821</u>	<u>17,627,403</u>
<b>EQUITY</b>				
<b>Equity attributable to the owners of the parent</b>				
Share capital	30	<b>5,297,254</b>	5,297,254	5,297,254
Equity component of convertible bonds	27	<b>75,486</b>	75,486	75,486
Reserves	31	<b>10,305,001</b>	8,607,642	7,730,056
		<b><u>15,677,741</u></b>	<u>13,980,382</u>	<u>13,102,796</u>
Other equity instruments	37	<b>1,672,433</b>	1,660,414	1,661,840
Non-controlling interests		<b>3,017,784</b>	4,080,025	2,862,767
<b>Total equity</b>		<b><u>20,367,958</u></b>	<u>19,720,821</u>	<u>17,627,403</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Equity attributable to the owners of the parent														Total equity RMB'000
	Share capital RMB'000 (Note 30)	Equity convertible bonds RMB'000 (Note 27)	Capital reserve* RMB'000 (Note 31)	Statutory reserve* RMB'000 (Note 31)	Share-based compensation reserve* RMB'000 (Note 31)	General and regulatory reserve* RMB'000 (Note 31)	Exchange fluctuation reserve* RMB'000 (Note 31)	Special reserve* RMB'000 (Note 31)	Hedge reserve* RMB'000	Post-retirement benefit reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Other equity instruments RMB'000 (Note 37)	Non-controlling interests RMB'000	
At 31 December 2022	5,297,254	75,486	27,045	1,253,384	12,038	807,709	32,708	-	(486,154)	(5,008)	6,955,653	13,970,115	1,660,414	4,072,484	19,703,013
Adjustment for business combination under common control	-	-	18,546	170	-	-	-	-	-	-	(8,449)	10,267	-	7,541	17,808
At 1 January 2023 (restated)	5,297,254	75,486	45,591	1,253,554	12,038	807,709	32,708	-	(486,154)	(5,008)	6,947,204	13,980,382	1,660,414	4,080,025	19,720,821
Profit for the year	-	-	-	-	-	-	-	-	-	-	2,020,918	2,020,918	89,419	88,735	2,199,072
Other comprehensive income/(loss) for the year:															
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	388,104	-	-	388,104	-	-	388,104
Exchange differences on translation of foreign operations	-	-	-	-	-	-	742	-	-	-	-	742	-	-	742
Actuarial losses on the post-retirement benefit obligations, net of tax	-	-	-	-	-	-	-	-	-	(99)	-	(99)	-	(95)	(194)
Total comprehensive income for the year	-	-	-	-	-	-	742	-	388,104	(99)	2,020,918	2,409,665	89,419	88,640	2,587,724
Issue of renewable corporate bonds (Note 37)	-	-	-	-	-	-	-	-	-	-	-	-	1,645,647	-	1,645,647
Redemption of renewable corporate bonds (Note 37)	-	-	(5,564)	-	-	-	-	-	-	-	-	(5,564)	(1,644,436)	-	(1,650,000)
Acquisition of subsidiaries (Note 33(b))	-	-	-	-	-	-	-	-	-	-	-	-	-	77,002	77,002
Capital injections by non-controlling equity shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	10,779	10,779
Distribution paid to holders of renewable corporate bonds	-	-	-	-	-	-	-	-	-	-	-	-	(78,611)	-	(78,611)
Dividends	-	-	-	-	-	-	-	-	-	-	(591,982)	(591,982)	-	(17)	(591,999)
Appropriation of special reserve - safety fund	-	-	-	-	-	-	-	63	-	-	-	63	-	61	124
Business combination under common control	-	-	(43,880)	(72,682)	-	-	-	-	-	-	-	(116,562)	-	-	(116,562)
Acquisition of non-controlling interests	-	-	3,853	-	-	-	-	-	-	-	-	3,853	-	(1,238,706)	(1,234,853)
Change in the equity of the joint venture under the equity method of accounting	-	-	(3,173)	-	-	-	-	-	-	-	-	(3,173)	-	-	(3,173)
Recognition of equity-settled share-based payments	-	-	-	-	1,059	-	-	-	-	-	-	1,059	-	-	1,059
Appropriation of statutory reserve	-	-	-	119,329	-	-	-	-	-	-	(119,329)	-	-	-	-
Appropriation of general and regulatory reserve	-	-	-	-	-	44,019	-	-	-	-	(44,019)	-	-	-	-
At 31 December 2023	<u>5,297,254</u>	<u>75,486</u>	<u>(3,173)</u>	<u>1,300,201</u>	<u>13,097</u>	<u>851,728</u>	<u>33,450</u>	<u>63</u>	<u>(98,050)</u>	<u>(5,107)</u>	<u>8,212,792</u>	<u>15,677,741</u>	<u>1,672,433</u>	<u>3,017,784</u>	<u>20,367,958</u>

\* These reserve accounts comprise the consolidated reserves of RMB10,305,001,000 (2022: RMB8,607,642,000 (restated)) in the consolidated statement of financial position.

Equity attributable to the owners of the parent

	Equity component of		Capital reserve*	Statutory reserve*	Share-based compensation reserve*	General and regulatory reserve*	Exchange fluctuation reserve*	Hedge reserve*	Post-retirement benefit reserve*	Retained profits*	Total	Other equity instruments	Non-controlling interests	Total equity
	Share capital	convertible bonds	reserve*	reserve*	reserve*	reserve*	reserve*	reserve*	reserve*	profits*	RMB'000	RMB'000	RMB'000	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 30)	(Note 27)	(Note 31)	(Note 31)	(Note 31)	(Note 31)	(Note 31)	(Note 31)	(Note 31)	(Note 31)	(Note 31)	(Note 37)	(Note 37)	(Note 37)
At 31 December 2021	5,297,254	75,486	27,078	1,059,986	11,596	757,880	27,616	(34,578)	(5,709)	5,887,380	13,103,989	1,661,840	2,857,426	17,623,255
Adjustment for business combination under common control	-	-	5,491	1	-	-	-	-	-	(6,685)	(1,193)	-	5,341	4,148
At 1 January 2022 (restated)	5,297,254	75,486	32,569	1,059,987	11,596	757,880	27,616	(34,578)	(5,709)	5,888,695	13,102,796	1,661,840	2,862,767	17,627,403
Profit for the year (restated)	-	-	-	-	-	-	-	-	-	1,888,417	1,888,417	71,403	126,128	2,085,948
Other comprehensive income/(loss) for the year:														
Cash flow hedges, net of tax	-	-	-	-	-	-	-	(451,576)	-	-	(451,576)	-	-	(451,576)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	5,092	-	-	-	5,092	-	-	5,092
Actuarial gains on the post - retirement benefit obligations, net of tax	-	-	-	-	-	-	-	-	701	-	701	-	670	1,371
Total comprehensive income for the year (restated)	-	-	-	-	-	-	5,092	(451,576)	701	1,888,417	1,442,634	71,403	126,798	1,640,835
Issue of renewable corporate bonds	-	-	-	-	-	-	-	-	-	-	-	480,000	-	480,000
Redemption of renewable corporate bonds	-	-	-	-	-	-	-	-	-	-	-	(480,000)	-	(480,000)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	1,090,280	1,090,280
Acquisition of non-controlling interests	-	-	(33)	-	-	-	-	-	-	-	(33)	-	(55)	(88)
Business combination under common control	-	-	13,055	-	-	-	-	-	-	-	13,055	-	2,200	15,255
Distribution paid to holders of renewable corporate bonds	-	-	-	-	-	-	-	-	-	-	-	(72,829)	-	(72,829)
Dividends	-	-	-	-	-	-	-	-	-	(578,512)	(578,512)	-	(1,965)	(580,477)
Recognition of equity-settled share-based payments	-	-	-	-	442	-	-	-	-	-	442	-	-	442
Appropriation of statutory reserve	-	-	-	193,567	-	-	-	-	-	(193,567)	-	-	-	-
Appropriation of general and regulatory reserve	-	-	-	-	-	49,829	-	-	-	(49,829)	-	-	-	-
At 31 December 2022 (restated)	5,297,254	75,486	45,591	1,253,554	12,038	807,709	32,708	(486,154)	(5,008)	6,947,204	13,980,382	1,660,414	4,080,025	19,720,821

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<u>2,866,213</u>	<u>2,703,274</u>
Adjustments for:			
Finance costs and interest expense		2,353,562	2,034,271
Interest income	5	(49,741)	(44,567)
Share of profits and losses of a joint venture and associates		(6,380)	(13,462)
Derivative financial instruments – transactions not qualifying as hedges:			
– Unrealised fair value gains, net	5	(97,379)	(6,389)
– Realised fair value gains, net	5	(165,902)	(122,176)
Depreciation of property, plant and equipment		434,632	360,937
Depreciation of right-of-use assets		46,580	56,676
Loss on disposal of property, plant and equipment, net	6	333	5,737
Gain on disposal of intangible assets, net		(10,584)	–
Loss on disposal of right-of-use assets, net		358	–
Amortisation of intangible assets		27,453	24,436
Impairment of loans and accounts receivables and other receivables	6	192,099	307,139
Equity-settled share-based compensation expense	6	1,059	442
Foreign exchange losses, net	6	507,345	533,962
Interest income from continuing involvement in transferred assets	5	(34,388)	(29,595)
Gain on unlisted debt investments, at fair value	5	(25,561)	(12,810)
Fair value (gains)/losses from financial assets at fair value through profit or loss		(475)	483
Gain on bargain purchase	5	–	(950)
Special reserve – safety fund appropriation		124	–
Impairment of property, plant and equipment	6	35	–
Impairment of inventories	6	1,697	–
		<u>6,041,080</u>	<u>5,797,408</u>
Decrease/(increase) in inventories		47,571	(56,223)
Increase in loans and accounts receivables		(2,455,782)	(4,519,646)
Increase in debt investments at fair value through other comprehensive income		(11,077)	–
Decrease/(increase) in prepayments, other receivables and other assets		34,654	(211,862)
Increase in amounts due from related parties		(3,992)	(11,955)
Increase in trade and bills payables		557,172	639,626
Increase in other payables and accruals		1,337,502	1,006,111
Increase in amounts due to related parties		<u>91,233</u>	<u>25,409</u>
Net cash flows from operating activities before interest and tax		5,638,361	2,668,868
Interest received		82,929	68,984
Income tax paid		<u>(727,325)</u>	<u>(705,784)</u>
Net cash flows from operating activities		<u>4,993,965</u>	<u>2,032,068</u>



<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (restated)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Realised gains/(losses) on derivative financial instruments not qualifying as hedges	<b>165,902</b>	(112,828)
Realised gains on financial assets at fair value through profit or loss	<b>15,481</b>	12,810
Cash paid for acquisition of property, plant and equipment, intangible assets and other long term assets	<b>(896,833)</b>	(617,870)
Proceeds from disposal of items of property, plant and equipment	<b>66</b>	271
Acquisition of subsidiaries	<b>(292,988)</b>	436,727
Business combination under common control	<b>(116,562)</b>	–
Dividends received from an associate	<b>5</b>	98
Dividends received from a joint venture	<b>–</b>	3,270
Decrease in time deposits	<b>150,000</b>	23,000
Other receipt of investments	<b>5,110</b>	37,695
Purchase of financial assets at fair value through profit or loss	<b>(264,000)</b>	–
Proceeds from disposal of financial assets at fair value through profit or loss	<b>254,822</b>	120,000
Purchase of shareholding for associates	<b>(80,000)</b>	(24,571)
Net cash flows used in investing activities	<b>(1,058,997)</b>	(121,398)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of renewable corporate bonds	<b>1,645,647</b>	480,000
Capital injections from non-controlling shareholders	<b>10,779</b>	2,200
Redemption of renewable corporate bonds	<b>(1,650,000)</b>	(480,000)
Increase in amounts due to related parties	<b>2,745,975</b>	2,440,069
Decrease in amounts due to related parties	<b>(2,597,516)</b>	(853,530)
Acquisition of non-controlling interests	<b>(1,180,042)</b>	(88)
Cash received from borrowings	<b>42,981,740</b>	30,555,791
Repayments of borrowings	<b>(42,067,861)</b>	(30,201,823)
Principal portion of lease payments	<b>(716,796)</b>	(1,127,872)
Interest paid	<b>(2,315,037)</b>	(1,980,460)
(Increase)/decrease in restricted deposits	<b>(53,987)</b>	161,599
Dividends paid	<b>(591,999)</b>	(580,461)
Other cash receipts relating to financing activities	<b>599,326</b>	530,820
Other cash payments relating to financing activities	<b>(603,865)</b>	(522,663)
Net cash flows used in financing activities	<b>(3,793,636)</b>	(1,576,418)

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000 (restated)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>141,332</b>	334,252
Cash and cash equivalents at beginning of year		<b>2,705,342</b>	2,396,338
Effect of exchange rate changes on cash and cash equivalents		<u><b>2,299</b></u>	<u>(25,248)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u><b>2,848,973</b></u>	<u>2,705,342</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		<b>3,539,945</b>	3,333,645
Less: Restricted deposits		<u><b>(690,972)</b></u>	<u>(628,303)</u>
Cash and cash equivalents as stated in the statement of financial position	22	<u><b>2,848,973</b></u>	<u>2,705,342</u>
Cash and cash equivalents as stated in the statement of cash flows		<u><b>2,848,973</b></u>	<u>2,705,342</u>

## NOTES TO FINANCIAL STATEMENTS

31 December 2023

### 1. CORPORATE AND GROUP INFORMATION

Genertec Universal Medical Group Company Limited (the “Company”) is a limited liability company which was incorporated in Hong Kong on 19 April 2012. Pursuant to the special resolutions of shareholders dated 6 February 2015 and 10 June 2015, respectively, the Company changed its name from Universal International Leasing Co., Limited to Universal Medical Services & Health Management Company Limited and then to Universal Medical Financial & Technical Advisory Services Company Limited. Pursuant to the special resolution of shareholders dated 5 June 2018, the Company changed its name from Universal Medical Financial & Technical Advisory Services Company Limited to Genertec Universal Medical Group Company Limited. The registered office of the Company is located at Room 702, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 8 July 2015.

The Company and its subsidiaries (the “Group”) are principally engaged in providing financing to its customers under finance lease arrangements, the provision of advisory services, the sale of medical equipment and goods, medical equipment leases under operating lease arrangements, the hospital and healthcare management business, the provision of medical services, life cycle management of equipment assets and the provision of other services as approved by the Ministry of Commerce of the People’s Republic of China (the “PRC”) in the Chinese Mainland.

### 2. ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, financial assets at fair value through profit or loss, equity investments and debt investments at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. A subsidiary is an entity (including a structure entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

#### ***Business combination under common control***

On 12 May 2023, the Group and Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd., a wholly-owned subsidiary of the Group ("Hospital Investment Co., Ltd."), entered into a cooperation agreement with China Xinxing Construction & Development Co., Ltd. ("Xinxing Construction") in connection with the formation of Beijing Huankang Zhongxing Hospital Management Co., Ltd., whose registered capital would be contributed by Hospital Investment Co., Ltd. with cash of RMB8,125,000 and Xinxing Construction with the assessed assets of Beijing Zhongxing Hospital, respectively ("Beijing Zhongxing Hospital Acquisition"). Hospital Investment Co., Ltd. acquired a 66% equity interest in Beijing Huankang Zhongxing Hospital Management Co., Ltd. The acquisition was completed on 1 July 2023. Upon completion of the transaction, Beijing Huankang Zhongxing Hospital Management Co., Ltd. is the promoter of Beijing Zhongxing Hospital. Beijing Huankang Zhongxing Hospital Management Co., Ltd. has become a subsidiary of the Group.

As Beijing Zhongxing Hospital and the Company are controlled by China General Technology (Group) Holding Company Limited ("Genertec Group"), the Beijing Zhongxing Hospital Acquisition has been accounted for based on the principles of merger accounting.

On 25 December 2023, Hospital Investment Co., Ltd. entered into an equity transfer agreement with GT-PRC Medicine Holding Co., Ltd. (a wholly-owned subsidiary of Genertec Group) to acquire 100% equity interests of the target hospitals (i.e., Chongqing Dadukou Changzheng Hospital Co., Ltd., Luoyang Hechai Hospital, Luoyang Yikangyuan Elderly Care Co., Ltd., No. 408 Hospital, Beijing Guotong Huankang Hospital Management Co., Ltd. and Beijing Haidian District Xisanqi Street Xincai Community Healthcare Service Station) at a consideration of RMB116,561,000 (“Acquisition of the target hospitals”). The acquisition was completed on 31 December 2023. Upon completion of the transaction, Hospital Investment Co., Ltd. is the promoter of the target hospitals. Beijing Guotong Huankang Hospital Management Co., Ltd. has become a subsidiary of the Group.

As the target hospitals and the Company are controlled by Genertec Group, the Acquisition of the target hospitals has been accounted for based on the principles of merger accounting.

The consolidated financial statements of the Group have been prepared using the merger basis of accounting as if the current group structure has been in existence throughout the years presented. The opening balance at 1 January 2022 has been restated, with consequential adjustments to comparatives for the year ended 31 December 2022. The details of the restated balances have been disclosed in Note 33(a) to the consolidated financial statements.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group’s financial statements.

- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group’s approach and policy align with the amendments, the amendments had no impact on the Group’s financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. The amendments did not have any impact to the Group.
- (d) The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> <sup>1,4</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> <sup>1,4</sup>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> <sup>1</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

### **3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

##### *Classification between finance leases and operating leases*

Leases are required to be classified as either finance leases (which transfer substantially all the risks and rewards of ownership, and give rise to asset and liability recognition by the lessee and a receivable by the lessor) and operating leases (which result in asset and liability recognition by the lessee, with the asset remaining recognised by the lessor).

The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant arrangements relating to the lease and this involves critical judgements by management.

#### **Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.



### ***Impairment of non-financial assets (other than goodwill)***

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

### ***Deferred tax assets***

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

### ***Impairment of financial instruments***

The measurement of impairment losses under HKFRS 9 across debt instruments recorded at amortised cost or at FVOCI and loans and accounts receivables requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of appropriate models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- (i) The Group's internal credit grading model, which assigns the probability of defaults to the individual grades
- (ii) The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- (iii) Development of ECL models, including the various formulas and the choice of inputs
- (iv) Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on the probability of defaults, the exposure of defaults and the loss given defaults

The Group will regularly review the expected credit loss model in the context of actual loss experience and adjust it when necessary.

### ***Fair value of financial instruments***

For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models or other valuation models.

Valuation techniques make use of observable market information to the greatest extent, however, when the observable market information cannot be obtained, management will have to make assumptions on the credit risk, market volatility and correlations of the Group and the counterparties, and any changes in these underlying assumptions will affect the fair value of financial instruments.

### ***Impairment of goodwill***

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2023 was RMB286,538,000 (2022: RMB102,253,000). Further details are given in Note 14.

## **4. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into two operating segments, namely the finance business and the healthcare business based on the internal organisational structure, management's requirement and the internal reporting system:

- The finance business comprises primarily (a) direct finance leasing; (b) sale-and-leaseback; (c) factoring; (d) operating leases; and (e) advisory services; and
- The healthcare business comprises primarily (a) medical and healthcare services; (b) hospital operation; (c) import and export trade and domestic trade of medical-related goods; (d) equipment life cycle management; and (e) medical digitalization services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

Segment revenue, results and assets mainly include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Intersegment transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

As at and for the year ended 31 December 2023

	Finance business <i>RMB'000</i>	Healthcare business <i>RMB'000</i>	Adjustments and eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue:</b>				
Sales to external customers	5,823,120	7,827,083	–	13,650,203
Intersegment sales	58,912	5,759	(64,671)	–
Cost of sales	(2,576,827)	(6,763,527)	262,010	(9,078,344)
Other income and gains	585,607	298,860	(264,096)	620,371
Selling and distribution costs and administrative expenses	(835,325)	(736,038)	5,759	(1,565,604)
Impairment losses on financial assets, net	(184,404)	(7,695)	–	(192,099)
Loss on derecognition of financial assets measured at amortised cost	(1,624)	–	–	(1,624)
Share of losses of associates	(4,844)	(2,225)	–	(7,069)
Share of profit of a joint venture	–	13,449	–	13,449
Other expenses	(514,296)	(19,720)	–	(534,016)
Finance costs	(330)	(99,722)	60,998	(39,054)
Profit before tax	2,349,989	516,224	–	2,866,213
Income tax expense	(605,145)	(61,996)	–	(667,141)
Profit after tax	<u>1,744,844</u>	<u>454,228</u>	<u>–</u>	<u>2,199,072</u>
<b>Segment assets</b>	<u>73,018,465</u>	<u>14,807,996</u>	<u>(7,481,717)</u>	<u>80,344,744</u>
<b>Segment liabilities</b>	<u>61,565,029</u>	<u>5,893,474</u>	<u>(7,481,717)</u>	<u>59,976,786</u>
<b>Other segment information:</b>				
Impairment losses recognised in the statement of profit or loss	184,404	9,427	–	193,831
Depreciation and amortisation	55,153	453,512	–	508,665
Investments in associates	55,158	51,965	–	107,123
Investment in a joint venture	–	496,472	–	496,472
Capital expenditure	148,993	747,840	–	896,833

As at and for the year ended 31 December 2022

	Finance business <i>RMB'000</i> (restated)	Healthcare business <i>RMB'000</i> (restated)	Adjustments and eliminations <i>RMB'000</i> (restated)	Total <i>RMB'000</i> (restated)
<b>Segment revenue:</b>				
Sales to external customers	5,706,656	6,366,516	–	12,073,172
Intersegment sales	14,547	5,736	(20,283)	–
Cost of sales	(2,212,900)	(5,581,491)	215,513	(7,578,878)
Other income and gains	398,369	260,828	(214,315)	444,882
Selling and distribution costs and administrative expenses	(782,859)	(578,478)	5,737	(1,355,600)
Impairment losses on financial assets, net	(302,555)	(4,584)	–	(307,139)
Loss on derecognition of financial assets measured at amortised cost	(1,154)	–	–	(1,154)
Share of profits of associates	3	9	–	12
Share of profit of a joint venture	–	13,450	–	13,450
Other expenses	(540,733)	(9,093)	–	(549,826)
Finance costs	(1,657)	(47,336)	13,348	(35,645)
Profit before tax	2,277,717	425,557	–	2,703,274
Income tax expense	(568,468)	(48,858)	–	(617,326)
Profit after tax	<u>1,709,249</u>	<u>376,699</u>	<u>–</u>	<u>2,085,948</u>
<b>Segment assets</b>	<u>68,811,920</u>	<u>13,888,399</u>	<u>(5,719,991)</u>	<u>76,980,328</u>
<b>Segment liabilities</b>	<u>58,624,902</u>	<u>4,354,596</u>	<u>(5,719,991)</u>	<u>57,259,507</u>
<b>Other segment information:</b>				
Impairment losses recognised in the statement of profit or loss	302,555	4,584	–	307,139
Depreciation and amortisation	69,881	372,168	–	442,049
Investments in associates	24,575	4,194	–	28,769
Investment in a joint venture	–	486,195	–	486,195
Capital expenditure	84,859	533,011	–	617,870

## Geographical information

### (a) Revenue from external customers

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Chinese Mainland	<u>13,650,203</u>	<u>12,073,172</u>

The revenue information above is based on the locations of customers.

(b) All non-current assets of the operations, excluding financial instruments, right-of-use assets and property, plant and equipment, are located in the Chinese Mainland.

## Information about a major customer

There was no revenue derived from a single customer which amounted to 10% or more of the total revenue of the Group during the year.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
<b><u>Revenue</u></b>		
Finance lease income	416,378	624,259
Receivables income arising from sale-and-leaseback arrangements	4,259,517	3,911,957
Factoring income	132,096	101,445
Revenue from contracts with customers	8,826,759	7,418,200
Revenue from other sources – Others	60,526	54,393
Taxes and surcharges	<u>(45,073)</u>	<u>(37,082)</u>
Total revenue	<u>13,650,203</u>	<u>12,073,172</u>

## Revenue from contracts with customers

### (i) *Disaggregated revenue information*

#### For the year ended 31 December 2023

<u>Segments</u>	Finance business <i>RMB'000</i>	Healthcare business <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or services</b>			
Service fee income	1,037,750	67,406	1,105,156
Sale of finished goods	–	478,600	478,600
Healthcare service income	–	7,243,003	7,243,003
Total revenue from contracts with customers	<u>1,037,750</u>	<u>7,789,009</u>	<u>8,826,759</u>
<b>Geographical market</b>			
Chinese Mainland	<u>1,037,750</u>	<u>7,789,009</u>	<u>8,826,759</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	–	478,600	478,600
Services transferred at a point in time	<u>1,037,750</u>	<u>7,310,409</u>	<u>8,348,159</u>
Total revenue from contracts with customers	<u>1,037,750</u>	<u>7,789,009</u>	<u>8,826,759</u>

#### For the year ended 31 December 2022 (restated)

<u>Segments</u>	Finance business <i>RMB'000</i>	Healthcare business <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or services</b>			
Service fee income	1,096,514	40,641	1,137,155
Sale of finished goods	–	290,218	290,218
Healthcare service income	–	5,990,827	5,990,827
Total revenue from contracts with customers	<u>1,096,514</u>	<u>6,321,686</u>	<u>7,418,200</u>
<b>Geographical market</b>			
Chinese Mainland	<u>1,096,514</u>	<u>6,321,686</u>	<u>7,418,200</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	–	290,218	290,218
Services transferred at a point in time	<u>1,096,514</u>	<u>6,031,468</u>	<u>7,127,982</u>
Total revenue from contracts with customers	<u>1,096,514</u>	<u>6,321,686</u>	<u>7,418,200</u>

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

**For the year ended 31 December 2023**

<u>Segments</u>	<b>Finance business RMB'000</b>	<b>Healthcare business RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue from contracts with customers</b>			
External customers	1,037,750	7,789,009	8,826,759
Intersegment sales	<u>19</u>	<u>5,759</u>	<u>5,778</u>
Subtotal	1,037,769	7,794,768	8,832,537
Intersegment adjustments and eliminations	<u>(19)</u>	<u>(5,759)</u>	<u>(5,778)</u>
Total revenue from contracts with customers	<u><u>1,037,750</u></u>	<u><u>7,789,009</u></u>	<u><u>8,826,759</u></u>

**For the year ended 31 December 2022 (restated)**

<u>Segments</u>	Finance business RMB'000	Healthcare business RMB'000	Total RMB'000
<b>Revenue from contracts with customers</b>			
External customers	1,096,514	6,321,686	7,418,200
Intersegment sales	<u>1,198</u>	<u>–</u>	<u>1,198</u>
Subtotal	1,097,712	6,321,686	7,419,398
Intersegment adjustments and eliminations	<u>(1,198)</u>	<u>–</u>	<u>(1,198)</u>
Total revenue from contracts with customers	<u><u>1,096,514</u></u>	<u><u>6,321,686</u></u>	<u><u>7,418,200</u></u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	<b>2023 RMB'000</b>	2022 RMB'000 (restated)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Service fee income	67,025	3,108
Sale of finished goods	31,040	9,248
Healthcare services	<u>165,809</u>	<u>151,054</u>
Total	<u><u>263,874</u></u>	<u><u>163,410</u></u>

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

*Sale of finished goods*

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 90 to 180 days from delivery. Some contracts provide customers with a right of return which gives rise to variable consideration subject to certain restrictions.

*Service fee income*

The performance obligation is satisfied at the point in time as services are rendered and short-term advances are normally required before rendering the services.

*Healthcare service income*

The performance obligation is satisfied at the point in time as services are rendered.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
<b><u>Other income and gains</u></b>		
Interest income	49,741	44,567
Government grants ( <i>note 5a</i> )	225,577	208,675
Derivative financial instruments – transactions not qualifying as hedges:		
– Unrealised fair value gains, net	97,379	6,389
– Realised fair value gains, net	165,902	122,176
Gain on unlisted debt investments, at fair value	25,561	12,810
Interest income from continuing involvement in transferred assets	34,388	29,595
Fair value gains from financial assets at fair value through profit or loss	475	–
Gain on bargain purchase	–	950
Others	21,348	19,720
	<u>620,371</u>	<u>444,882</u>
Total other income and gains	<u>620,371</u>	<u>444,882</u>

**5A. GOVERNMENT GRANTS**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Government special subsidies	<u>225,577</u>	<u>208,675</u>



## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2023 RMB'000	2022 RMB'000 (restated)
Cost of borrowings included in cost of sales	2,314,508	1,998,626
Cost of inventories sold	339,875	195,138
Cost of medical services	4,077,373	3,634,776
Cost of others	40,658	25,602
Depreciation of property, plant and equipment*	434,208	360,937
Loss on disposal of property, plant and equipment, net	333	5,737
Depreciation of right-of-use assets*	45,836	56,676
Amortisation of intangible assets*	26,625	24,436
Lease payments not included in the measurement of lease liabilities	35,836	10,926
Auditor's remuneration – audit services	3,515	3,515
– other services	3,716	7,065
	<u>7,231</u>	<u>10,580</u>
<b>Total</b>	<b>7,231</b>	<b>10,580</b>
Research and development expenses	35,875	48,073
Employee benefit expense*		
(including directors' remuneration ( <i>Note 7</i> ))		
– Equity-settled share-based compensation expense	1,059	442
– Wages and salaries	2,043,436	1,847,745
– Pension scheme contributions (defined contribution schemes)	290,232	273,101
– Other employee benefits	1,013,624	682,698
	<u>3,348,351</u>	<u>2,803,986</u>
<b>Total</b>	<b>3,348,351</b>	<b>2,803,986</b>
Impairment of loans and accounts receivables, other receivables and subordinated tranches of asset-backed securities	192,099	307,139
Impairment of inventories	1,697	–
Impairment of property, plant and equipment	35	–
Foreign exchange losses, net	507,345	533,962
Cash flow hedges (transfer from equity to offset foreign exchange)	484,947	241,552
Others - foreign exchange losses	22,398	292,410
Derivative financial instruments – transactions not qualifying as hedges:		
– Unrealised fair value gains, net	(97,379)	(6,389)
– Realised fair value gains, net	(165,902)	(122,176)
	<u>(263,281)</u>	<u>(128,565)</u>

\* The depreciation of property, plant and equipment and right-of-use assets, the amortisation of intangible assets and the employee benefit expense from research and development activities are included in research and development expenses.

## 7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	<b>Group</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Fees	<u>1,452</u>	<u>1,376</u>
Other emoluments:		
Salaries, allowances and benefits in kind	3,917	4,200
Performance related bonuses*	7,733	8,423
Pension scheme contributions	<u>683</u>	<u>632</u>
Subtotal	<u>12,333</u>	<u>13,255</u>
Total fees and other emoluments	<u><u>13,785</u></u>	<u><u>14,631</u></u>

\* Certain executive directors of the Company are entitled to bonus payments which are determined based on the business performance of the Group.

As at 31 December 2019, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, details of which are set out in Note 36 to the financial statements.

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Mr. Li Yinquan	363	344
Mr. Chow Siu Lui	363	344
Mr. Han Demin (ii)	–	174
Mr. Liao Xinbo (ii)	–	174
Mr. Chan, Hiu Fung Nicholas (i)	363	170
Mr. Xu Zhiming (i)	<u>363</u>	<u>170</u>
Total	<u><u>1,452</u></u>	<u><u>1,376</u></u>

Notes:

(i) Appointed on 22 June 2022

(ii) Resigned on 22 June 2022

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

(b) Executive directors, non-executive directors and the chief executive

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
<b>2023</b>					
<b>Executive directors:</b>					
Ms. Peng Jiahong	–	1,447	2,810	253	4,510
Ms. Wang Lin (i)	–	370	520	75	965
Mr. Yu Gang(ii)	–	653	1,593	123	2,369
Subtotal	–	2,470	4,923	451	7,844
<b>Chief executive:</b>					
Mr. Wang Wenbing	–	1,447	2,810	232	4,489
<b>Non-executive directors:</b>					
Mr. Chan Kai Kong	–	–	–	–	–
Mr. Xu Ming	–	–	–	–	–
Mr. Tong Chaoyin	–	–	–	–	–
Mr. Zhu Ziyang	–	–	–	–	–
Subtotal	–	–	–	–	–
Total	–	3,917	7,733	683	12,333

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
<b>2022</b>					
<b>Executive directors:</b>					
Ms. Peng Jiahong	–	1,447	2,981	235	4,663
Mr. Yu Gang (ii)	–	1,306	2,716	235	4,257
Subtotal	–	2,753	5,697	470	8,920
<b>Chief executive:</b>					
Mr. Wang Wenbing	–	1,447	2,726	162	4,335
<b>Non-executive directors:</b>					
Mr. Chan Kai Kong	–	–	–	–	–
Mr. Che Lingyun (iii)	–	–	–	–	–
Mr. Xu Ming	–	–	–	–	–
Mr. Feng Songtao (iv)	–	–	–	–	–
Mr. Tong Chaoyin	–	–	–	–	–
Mr. Zhao Yan (v)	–	–	–	–	–
Mr. Zhu Ziyang	–	–	–	–	–
Subtotal	–	–	–	–	–
Total	–	4,200	8,423	632	13,255

Notes:

- (i) Appointed on 25 July 2023
- (ii) Resigned on 21 June 2023
- (iii) Appointed on 1 March 2022 and resigned on 22 June 2022
- (iv) Appointed on 13 September 2021 and resigned on 9 February 2022
- (v) Appointed on 27 August 2021 and resigned on 22 June 2022

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2022: Nil).

## 8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2022: the five highest paid employees during the year included three directors), details of whose remuneration are set out in Note 7 above. Details of the remuneration for the year of the remaining three (2022: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Salaries, allowances and benefits in kind	<b>2,611</b>	1,838
Performance related bonuses	<b>9,538</b>	5,323
Pension scheme contributions	<b>712</b>	369
	<hr/>	<hr/>
Total	<b>12,861</b>	7,530
	<hr/> <hr/>	<hr/> <hr/>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	<b>Number of employees</b>	
	<b>2023</b>	2022
HKD3,500,001 to HKD4,000,000 (RMB3,171,701 to RMB3,624,800)	<b>2</b>	1
HKD4,000,001 to HKD4,500,000 (RMB3,624,801 to RMB4,077,900)	–	1
HKD6,500,001 to HKD7,000,000 (RMB5,890,301 to RMB6,343,400)	<b>1</b>	–
	<hr/>	<hr/>
Total	<b>3</b>	2
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2019, certain highest paid employees were granted share options, in respect of their services to the Group, under the share option scheme of the Company, details of which are set out in Note 36 to the financial statements.

## 9. INCOME TAX EXPENSE

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Current – Chinese Mainland		
Charge for the year	712,184	728,545
Charge for/(overprovision in) prior years	2,210	(34,995)
Deferred tax	<u>(47,253)</u>	<u>(76,224)</u>
Total tax charge for the year	<u><b>667,141</b></u>	<u><b>617,326</b></u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the year (2022: 16.5%).

The income tax provision of the Group in respect of its operations in Chinese Mainland has been calculated at the applicable tax rate of 25% on the estimated assessable profits for the year, based on existing legislation, interpretations and practices in respect thereof.

A reconciliation of the tax charge applicable to profit before tax using the statutory/applicable rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Profit before tax	<u><b>2,866,213</b></u>	<u><b>2,703,274</b></u>
At the statutory income tax rate	713,449	675,819
Expenses not deductible for tax purposes	21,861	15,671
Income not subject to tax	(96,356)	(53,521)
Profits attributable to a joint venture and associates	(1,595)	(3,365)
Adjustment on current income tax in respect of prior years	2,210	(34,995)
Unrecognised tax losses	15,184	16,602
Additional deductible expense	(22,604)	(27,416)
Utilisation of previously unrecognised tax losses	(8)	(1,069)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	<u><b>35,000</b></u>	<u><b>29,600</b></u>
Income tax expense as reported in the consolidated statement of profit or loss	<u><b>667,141</b></u>	<u><b>617,326</b></u>

The share of tax attributable to associates and a joint venture amounting to nil (2022: approximately RMB2,000) and approximately RMB4,632,000 (2022: RMB4,312,000), respectively, is included in “Share of profits and losses of associates” and “Share of profit of a joint venture” in the consolidated statement of profit or loss.

## 10. DIVIDENDS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Proposed final dividend – HKD0.35 (2022: HKD0.34) per ordinary share	<u>606,275</u>	<u>567,004</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,891,539,661 (2022: 1,891,539,661) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2022, the unvested share options under the Share Option Scheme had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. For the year ended 31 December 2023, the unvested share options under the Share Option Scheme have expired and were not included in the calculation of diluted earnings per share.

The calculations of basic and diluted earnings per share are based on:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Profit attributable to ordinary equity holders of the parent	2,020,918	1,888,417
Interest on convertible bonds	<u>40,774</u>	<u>37,979</u>
Profit attributable to ordinary equity holders of the parent, before the above impact arising from convertible bonds	<u>2,061,692</u>	<u>1,926,396</u>
	Number of shares	
	2023	2022
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>1,891,539,661</u>	<u>1,891,539,661</u>
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	<u>191,349,754</u>	<u>185,560,510</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>2,082,889,415</u>	<u>2,077,100,171</u>

## 12. PROPERTY, PLANT AND EQUIPMENT

### 31 December 2023

	Transportation equipment RMB'000	Office equipment RMB'000	Electronic equipment RMB'000	Medical equipment RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023								
Cost (restated)	34,740	59,799	538,511	1,312,704	162,003	2,305,602	401,694	4,815,053
Accumulated depreciation (restated)	(13,329)	(33,539)	(186,165)	(499,737)	(63,587)	(198,397)	-	(994,754)
Net carrying amount (restated)	<u>21,411</u>	<u>26,260</u>	<u>352,346</u>	<u>812,967</u>	<u>98,416</u>	<u>2,107,205</u>	<u>401,694</u>	<u>3,820,299</u>
At 1 January 2023, net of								
accumulated depreciation (restated)	21,411	26,260	352,346	812,967	98,416	2,107,205	401,694	3,820,299
Additions	3,817	5,499	38,512	297,753	97,383	15,537	475,902	934,403
Acquisition of subsidiaries (Note 33(b))	419	327	32,913	7,408	30,401	-	64	71,532
Depreciation provided during the year	(3,626)	(8,962)	(77,197)	(237,337)	(29,647)	(77,863)	-	(434,632)
Impairment during the year	(15)	-	(20)	-	-	-	-	(35)
Transfers	-	-	33,128	1,511	-	46,151	(80,790)	-
Disposals	(62)	(13)	(72)	(3)	-	-	-	(150)
At 31 December 2023, net of accumulated depreciation	<u>21,944</u>	<u>23,111</u>	<u>379,610</u>	<u>882,299</u>	<u>196,553</u>	<u>2,091,030</u>	<u>796,870</u>	<u>4,391,417</u>
At 31 December 2023								
Cost	38,480	65,507	633,474	1,618,737	289,787	2,367,290	796,870	5,810,145
Accumulated depreciation	(16,536)	(42,396)	(253,864)	(736,438)	(93,234)	(276,260)	-	(1,418,728)
Net carrying amount	<u>21,944</u>	<u>23,111</u>	<u>379,610</u>	<u>882,299</u>	<u>196,553</u>	<u>2,091,030</u>	<u>796,870</u>	<u>4,391,417</u>

As at 31 December 2023, the Group has not obtained the property ownership certificates for buildings with a net book value of RMB1,254,127,000 (31 December 2022: RMB1,237,753,000 (restated)). The Group was in the process of applying for the property ownership certificates for the above buildings as at 31 December 2023.

As at 31 December 2023, no property, plant and equipment (31 December 2022: Nil) were pledged to secure general banking facilities granted to the Group.

31 December 2022

	Transportation equipment RMB'000	Office equipment RMB'000	Electronic equipment RMB'000	Medical equipment RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2022								
Cost								
As previously reported	23,773	44,400	459,044	860,836	73,357	1,504,563	154,050	3,120,023
Business combination under common control (Note 33(a))	<u>1,685</u>	<u>1,061</u>	<u>464</u>	<u>30,760</u>	<u>427</u>	<u>28,636</u>	<u>189</u>	<u>63,222</u>
As restated	25,458	45,461	459,508	891,596	73,784	1,533,199	154,239	3,183,245
Accumulated depreciation								
As previously reported	(8,652)	(21,410)	(154,763)	(270,555)	(34,786)	(106,588)	-	(596,754)
Business combination under common control (Note 33(a))	<u>(1,165)</u>	<u>(882)</u>	<u>(357)</u>	<u>(23,119)</u>	<u>(71)</u>	<u>(21,437)</u>	<u>-</u>	<u>(47,031)</u>
As restated	(9,817)	(22,292)	(155,120)	(293,674)	(34,857)	(128,025)	-	(643,785)
Net carrying amount (restated)	<u>15,641</u>	<u>23,169</u>	<u>304,388</u>	<u>597,922</u>	<u>38,927</u>	<u>1,405,174</u>	<u>154,239</u>	<u>2,539,460</u>
At 1 January 2022, net of accumulated depreciation (restated)								
As previously reported	15,641	23,169	304,388	597,922	38,927	1,405,174	154,239	2,539,460
Additions (restated)	4,992	13,660	50,255	190,166	10,604	6,407	296,588	572,672
Acquisition of subsidiaries (restated)	4,376	2,037	30,300	232,610	77,614	726,519	9,209	1,082,665
Depreciation provided during the year (restated)	(3,555)	(12,525)	(32,282)	(212,672)	(28,729)	(71,174)	-	(360,937)
Transfers	-	-	-	5,024	-	40,550	(45,574)	-
Disposals (restated)	<u>(43)</u>	<u>(81)</u>	<u>(315)</u>	<u>(83)</u>	<u>-</u>	<u>(271)</u>	<u>(12,768)</u>	<u>(13,561)</u>
At 31 December 2022, net of accumulated depreciation (restated)	<u>21,411</u>	<u>26,260</u>	<u>352,346</u>	<u>812,967</u>	<u>98,416</u>	<u>2,107,205</u>	<u>401,694</u>	<u>3,820,299</u>
At 31 December 2022								
Cost (restated)	34,740	59,799	538,511	1,312,704	162,003	2,305,602	401,694	4,815,053
Accumulated depreciation (restated)	<u>(13,329)</u>	<u>(33,539)</u>	<u>(186,165)</u>	<u>(499,737)</u>	<u>(63,587)</u>	<u>(198,397)</u>	<u>-</u>	<u>(994,754)</u>
Net carrying amount (restated)	<u>21,411</u>	<u>26,260</u>	<u>352,346</u>	<u>812,967</u>	<u>98,416</u>	<u>2,107,205</u>	<u>401,694</u>	<u>3,820,299</u>



### 13. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of properties and equipments used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 38 years to indefinite useful life, and no ongoing payments will be made under the terms of these land leases. The right-of-use land for certain hospitals, allocated from the government, is restricted to change its use nature. Leases of properties and equipments generally have lease terms between 2 and 20 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	<u>Right-of-use assets</u>		
	<b>Property and Equipment RMB'000</b>	<b>Leasehold land RMB'000</b>	<b>Total RMB'000</b>
As at 1 January 2022, as previously reported	72,790	721,862	794,652
Business combination under common control ( <i>Note 33(a)</i> )	–	264	264
As at 1 January 2022 (restated)	72,790	722,126	794,916
Additions	193,148	–	193,148
Acquisition of subsidiaries	13,238	205,554	218,792
Depreciation charge (restated)	(53,069)	(3,607)	(56,676)
Revision of a lease term arising from a change in the non-cancellable period of a lease	4,623	–	4,623
Disposals	(9)	–	(9)
As at 31 December 2022 and 1 January 2023 (restated)	230,721	924,073	1,154,794
Additions	33,357	–	33,357
Acquisition of subsidiaries ( <i>Note 33(b)</i> )	14,856	–	14,856
Depreciation charge	(42,841)	(3,739)	(46,580)
Revision of a lease term arising from a change in the non-cancellable period of a lease	5,390	–	5,390
Disposals	(358)	–	(358)
As at 31 December 2023	<u>241,125</u>	<u>920,334</u>	<u>1,161,459</u>

**(b) Lease liabilities**

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Carrying amount at 1 January	<b>989,927</b>	1,899,907
New leases	<b>1,483,357</b>	193,148
Accretion of interest recognised during the year	<b>62,913</b>	63,791
Payments	<b>(2,225,561)</b>	(1,180,091)
Acquisition of subsidiaries ( <i>Note 33(b)</i> )	<b>14,137</b>	8,549
Revision of a lease term arising from a change in the non-cancellable period of a lease	<b>5,390</b>	4,623
	<hr/> <b>330,163</b> <hr/>	<hr/> 989,927 <hr/>
Carrying amount at 31 December		
Analysed into:		
Current portion	<b>84,245</b>	807,942
Non-current portion	<b>245,918</b>	181,985
	<hr/> <b>330,163</b> <hr/>	<hr/> 989,927 <hr/>

**(c) The amounts recognised in profit or loss in relation to leases are as follows:**

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (restated)
Interest on lease liabilities	<b>62,913</b>	63,791
Depreciation charge of right-of-use assets	<b>46,580</b>	56,676
Expense relating to short-term leases	<b>35,836</b>	10,926
	<hr/> <b>145,329</b> <hr/>	<hr/> 131,393 <hr/>
Total amount recognised in profit or loss		

**(d) The total cash outflow for leases is disclosed in note 34(c) to the financial statements.**

## 14. GOODWILL

	<i>RMB'000</i>
At 1 January 2022:	
Cost	102,253
Accumulated impairment	<u>—</u>
Net carrying amount	<u><u>102,253</u></u>
Cost at 1 January 2022, net of accumulated impairment	102,253
Impairment during the year	<u>—</u>
Cost and net carrying amount at 31 December 2022	<u><u>102,253</u></u>
At 31 December 2022	
Cost	102,253
Accumulated impairment	<u>—</u>
Net carrying amount	<u><u>102,253</u></u>
Cost at 1 January 2023, net of accumulated impairment	102,253
Acquisition of subsidiaries ( <i>Note 33(b)</i> )	184,285
Impairment during the year	<u>—</u>
Cost and net carrying amount at 31 December 2023	<u><u>286,538</u></u>
At 31 December 2023:	
Cost	286,538
Accumulated impairment	<u>—</u>
Net carrying amount	<u><u>286,538</u></u>

Goodwill acquired through business combinations is allocated to each of the acquired subsidiaries which are the cash-generating units (“CGUs”) for impairment testing within the healthcare business.

The recoverable amount of CGUs has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period which can be justified approved by senior management. The post-tax discount rates applied to the cash flow projections are 11.48% to 14% (2022: 13% to 15%). The implied pre-tax discount rates for the cash flow projections are 13.5% to 16.6% (2022: 14.44% to 15%). As at 31 December 2023, the Group assessed the impairment of goodwill and the recoverable amount exceeded the carrying amount, and hence the goodwill was not regarded as impaired (2022: Nil).

Assumptions were used in the value in use calculation of the CGUs for 31 December 2023 and 31 December 2022. The following describes each key assumption on which management has based its cash flows projections to undertake impairment testing of goodwill.

Budgeted gross margin – the basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budget year, increased for expected efficiency improvement, and expected market development.

Discount rates – the discount rates used reflect specific risks relating to the unit. The values assigned to the key assumptions on market development, and the discount rates are comparable to external information sources.

## 15. INVESTMENT IN A JOINT VENTURE

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Carrying amount of the investment	<u>496,472</u>	<u>486,195</u>

Particulars of the Group’s joint venture are as follows:

Company name	Place of incorporation/ registration and business	Percentage of		Principal activities
		Ownership interest	Profit sharing	
四川環康醫院管理有限公司 (Sichuan Huankang Hospital Management Co., Ltd.)	PRC/Chinese Mainland	53.30%	53.30%	Hospital management

Under a joint venture agreement with a joint venture partner of Panzhihua Iron and Steel (Group) Company Limited and Panzhihua Pangang Group Mining Company dated 30 September 2019, both parties have agreed to share the control over the economic activities of Sichuan Huankang Hospital Management Co., Ltd. amongst the joint venture partners.

The following table illustrates the summarised financial information in respect of Sichuan Huankang Hospital Management Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current assets	<u>334,223</u>	<u>339,533</u>
Cash and cash equivalents	<b>13</b>	40
Current assets	<u>647,400</u>	<u>624,063</u>
Current liabilities	<u>(8,453)</u>	<u>(9,754)</u>
Non-current liabilities	<u>(20)</u>	<u>–</u>
Net assets	<u><b>973,163</b></u>	<u>953,882</u>
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	<b>53.30%</b>	53.30%
Group's share of net assets of the joint venture	<b>518,696</b>	508,419
Effect of unpaid consideration on the share of net asset	<u>(22,224)</u>	<u>(22,224)</u>
Carrying amount of the investment	<u><b>496,472</b></u>	<u>486,195</u>
	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	<b>41,501</b>	42,257
Administrative expenses	<b>(8,535)</b>	(6,763)
Other expenses	<b>(44)</b>	(39)
Profit and total comprehensive income for the period after the Group's investment	<u><b>25,233</b></u>	<u>25,235</u>

## 16. INVESTMENTS IN ASSOCIATES

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Share of net assets	<u><b>107,123</b></u>	<u>28,769</u>

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Carrying amount of the investments	<u><b>107,123</b></u>	<u>28,769</u>
Share of the associates' profit or loss for the year	<u><b>(7,069)</b></u>	<u>12</u>

## 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Unlisted debt investments, at fair value	<u><b>216,641</b></u>	<u>245,987</u>

The above debt investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The above debt investments at 31 December 2023 included a carrying amount of RMB216,641,000 (31 December 2022: RMB245,987,000), and they were investments of priorities tranches of asset-backed securities. The Group does not have the current ability to direct the activities of those products that significantly affect their returns. The Group's maximum exposure to those debt investments approximates to their carrying amounts.

## 18. DERIVATIVE FINANCIAL INSTRUMENTS

	2023		2022	
	Assets <i>RMB'000</i>	Liabilities <i>RMB'000</i>	Assets <i>RMB'000</i>	Liabilities <i>RMB'000</i>
Forward currency contracts	208,513	25,324	146,220	120,802
Interest rate swaps	32,935	1,284	62,642	–
Cross-currency interest rate swaps	22,522	–	23,292	–
<b>Total</b>	<b>263,970</b>	<b>26,608</b>	<b>232,154</b>	<b>120,802</b>
Portion classified as non-current:				
Forward currency contracts	–	–	20,320	83,308
Interest rate swaps	–	–	56,932	–
Cross-currency interest rate swaps	–	–	23,292	–
	–	–	100,544	83,308
<b>Current portion</b>	<b>263,970</b>	<b>26,608</b>	<b>131,610</b>	<b>37,494</b>
	<b>263,970</b>	<b>26,608</b>	<b>232,154</b>	<b>120,802</b>

### Cash flow hedge under HKFRS 9

During the year, the Group newly designated 3 (2022: 19) foreign exchange rate contracts and 4 (2022: Nil) interest rate swap contracts, as hedges for future cash flows arising from borrowings which will be settled in United States dollars and Hong Kong dollars.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the forward currency contracts, interest rate swap contracts and cross-currency interest rate swaps match the terms of the bank loans (i.e., notional amount, expected payment date and interest rate). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the forward currency contracts, interest rate swap contracts and cross-currency interest rate swaps are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The Group holds forward currency contracts, with a positive net fair value of RMB81,254,000 (31 December 2022: RMB22,146,000) and a total notional amount of USD815,123,000 (31 December 2022: USD1,783,123,000). These forward currency contracts were designated as hedging instruments in cash flow hedges of currency risks arising from bank loans denominated in United States dollars.

The Group holds interest rate swap contracts, with a positive net fair value of RMB15,844,000 (31 December 2022: RMB37,215,000), and a total notional amount of USD69,250,000 (31 December 2022: USD118,250,000) whereby the Group pays a fixed rate of interest on the USD notional amount at 2.00% to 2.35% per annum. The swaps are being used to hedge the interest rate exposure of two floating rate long-term borrowings denominated in United States dollars with a total face value of USD69,250,000 (31 December 2022: USD118,250,000), a positive net fair value of RMB17,091,000 (31 December 2022: RMB25,427,000), and a total notional amount of HKD2,745,150,000 (31 December 2022: HKD540,150,000) whereby the Group pays a fixed rate of interest on the HKD notional amount at 2.00% to 4.44% per annum. The swaps are being used to hedge the interest rate exposure of five floating rate long-term borrowings denominated in Hong Kong dollars with a total face value of HKD2,745,150,000 (31 December 2022: HKD540,150,000).

The Group holds cross-currency interest rate swaps, with a positive net fair value of RMB22,522,000 (31 December 2022: RMB23,292,000), and a total notional amount of USD34,744,000 (31 December 2022: USD48,843,000) whereby the Group pays a fixed rate of interest on the USD notional amount at 3.72% to 3.93% per annum. These swaps were designated as hedging instruments in cash flow hedges of currency risks arising from bank loans denominated in United States dollars and are being used to hedge the interest rate exposure of six floating rate long-term borrowings denominated in United States dollars with the total face value of USD34,744,000 (31 December 2022: USD48,843,000).

The Group holds the following forward currency contracts, interest rate swap contracts and cross-currency interest rate swaps:

	Maturity						Total
	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	
<b>As at 31 December 2023</b>							
<b>Forward currency contracts</b>							
Notional amount ( <i>in USD'000</i> )	63,600	113,500	621,523	16,500	-	-	815,123
Average forward rate ( <i>USD/RMB</i> )	7.00	7.06	6.61	6.77	-	-	
<b>Interest rate swap contracts</b>							
Notional amount ( <i>in USD'000</i> )	-	-	69,250	-	-	-	69,250
Average fixed rate	-	-	2.17%	-	-	-	
Notional amount ( <i>in HKD'000</i> )	775,000	800,000	1,170,150	-	-	-	2,745,150
Average fixed rate	4.44%	3.80%	3.24%	-	-	-	
<b>Cross-currency interest rate swaps</b>							
Notional amount ( <i>in USD'000</i> )	4,528	30,216	-	-	-	-	34,744
Average forward rate ( <i>USD/RMB</i> )	6.46	6.42	-	-	-	-	
Average fixed rate	3.72%	3.92%	-	-	-	-	
<b>Hedge rate</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	-	-	



	Maturity						Total
	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	2 to 5 years	
<b>As at 31 December 2022</b>							
<b>Forward currency contracts</b>							
Notional amount ( <i>in USD'000</i> )	4,600	73,300	4,600	803,300	897,323	–	1,783,123
Average forward rate ( <i>USD/RMB</i> )	6.76	7.01	6.82	6.63	6.75	–	
<b>Interest rate swap contracts</b>							
Notional amount ( <i>in USD'000</i> )	–	49,000	–	–	69,250	–	118,250
Average fixed rate	–	1.76%	–	–	2.18%	–	
Notional amount ( <i>in HKD'000</i> )	–	–	–	–	540,150	–	540,150
Average fixed rate	–	–	–	–	2.23%	–	
<b>Cross-currency interest rate swaps</b>							
Notional amount ( <i>in USD'000</i> )	–	–	–	–	48,843	–	48,843
Average forward rate ( <i>USD/RMB</i> )	–	–	–	–	6.43	–	
Average fixed rate	–	–	–	–	3.89%	–	
<b>Hedge rate</b>	100.00%	100.00%	100.00%	100.00%	100.00%	–	

The impacts of the hedging instruments on the statement of financial position are as follows:

	Notional amount <i>USD/HKD'000</i>	Carrying amount <i>RMB'000</i>	Line item in the statement of financial position	Change in fair value <i>RMB'000</i>
As at 31 December 2023				
Forward currency contracts ( <i>USD/RMB</i> )	815,123	81,254	Derivative financial instruments (asset/liabilities)	59,108
Interest rate swaps ( <i>in USD'000</i> )	69,250	15,844	Derivative financial instruments (assets)	(21,371)
Interest rate swaps ( <i>in HKD'000</i> )	2,745,150	17,091	Derivative financial instruments (assets)	(8,336)
Cross-currency interest rate swaps ( <i>USD/RMB</i> )	34,744	22,522	Derivative financial instruments (assets)	(770)
As at 31 December 2022				
Forward currency contracts ( <i>USD/RMB</i> )	1,783,123	22,146	Derivative financial instruments (asset/liabilities)	328,474
Interest rate swaps ( <i>in USD'000</i> )	118,250	37,215	Derivative financial instruments (assets)	32,542
Interest rate swaps ( <i>in HKD'000</i> )	540,150	25,427	Derivative financial instruments (assets)	24,588
Cross-currency interest rate swaps ( <i>USD/RMB</i> )	48,843	23,292	Derivative financial instruments (assets)	31,658

The impacts of the hedged items on the statement of financial position are as follows:

	<b>Cash flow hedge reserve</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Unsecured bank loans	<u><b>262,695</b></u>	<u>708,556</u>

The effects of the cash flow hedge on the statement of profit or loss and the statement of comprehensive income are as follows:

### Year ended 31 December 2023

	<u>Total hedging gain/(loss) recognised in other comprehensive income</u>			<u>Amount reclassified from other comprehensive income to profit or loss</u>			Line item in the statement of profit or loss
	Gross amount	Tax effect	Total	Gross amount	Tax effect	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Forward currency contracts	59,108	(19,795)	39,313	444,688	(66,493)	378,195	Other expense/Other income and gains
Cross-currency interest rate swaps	(770)	193	(577)	1,173	(293)	880	Other expense/Other income and gains
Interest rate swaps	<u>(29,707)</u>	-	<u>(29,707)</u>	-	-	-	N/A
Total	<u><b>28,631</b></u>	<u><b>(19,602)</b></u>	<u><b>9,029</b></u>	<u><b>445,861</b></u>	<u><b>(66,786)</b></u>	<u><b>379,075</b></u>	

### Year ended 31 December 2022

	<u>Total hedging gain/(loss) recognised in other comprehensive income</u>			<u>Amount reclassified from other comprehensive income to profit or loss</u>			Line item in the statement of profit or loss
	Gross amount	Tax effect	Total	Gross amount	Tax effect	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Forward currency contracts	328,474	(71,634)	256,840	(941,045)	176,457	(764,588)	Other expense/Other income and gains
Cross-currency interest rate swaps	31,658	(7,915)	23,743	(32,927)	8,226	(24,701)	Other expense/Other income and gains
Interest rate swaps	<u>57,130</u>	-	<u>57,130</u>	-	-	-	N/A
Total	<u><b>417,262</b></u>	<u><b>(79,549)</b></u>	<u><b>337,713</b></u>	<u><b>(973,972)</b></u>	<u><b>184,683</b></u>	<u><b>(789,289)</b></u>	

### *Derivative financial instruments – transactions not qualifying as hedges:*

Forward currency contracts with a total nominal amount of USD432,477,000 (2022: a total nominal amount of USD182,477,000) and interest rate swaps with a total nominal amount of USD175,000,000 (2022: Nil) are not designated for hedge purposes and are measured at fair value through profit or loss. An unrealised profit on the fair value of these financial derivatives amounting to RMB97,379,000 (2022: RMB6,389,000) was included in the statement of profit or loss during the year ended 31 December 2023.

## 19. INVENTORIES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Finished goods	<u>431,141</u>	<u>388,052</u>

## 20. LOANS AND ACCOUNTS RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Loans and accounts receivables due within 1 year	25,718,469	23,478,653
Loans and accounts receivables due after 1 year	<u>41,543,421</u>	<u>41,404,185</u>
Total	<u>67,261,890</u>	<u>64,882,838</u>

### 20a. Loans and accounts receivables by nature

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Gross lease receivables ( <i>note 20b</i> )	4,648,711	7,324,293
Less: Unearned finance income	<u>(1,534,107)</u>	<u>(1,510,528)</u>
Net lease receivables ( <i>note 20b</i> ) **	3,114,604	5,813,765
Receivables arising from sale-and-leaseback arrangements ( <i>note 20c</i> ) **	62,698,125	58,011,919
Factoring receivables ( <i>note 20d</i> ) **	<u>1,535,856</u>	<u>1,408,147</u>
Subtotal of interest-earning assets	67,348,585	65,233,831
Accounts receivable ( <i>note 20e</i> ) *	1,790,060	1,367,505
Notes receivable ( <i>note 20f</i> )	<u>41,478</u>	<u>1,900</u>
Subtotal of loans and accounts receivables	<u>69,180,123</u>	<u>66,603,236</u>
Less:		
Provision for lease receivables	(630,018)	(777,701)
Provision for receivables arising from sale-and-leaseback arrangements	(1,221,210)	(895,092)
Provision for factoring receivables	<u>(33,745)</u>	<u>(21,958)</u>
Provision for interest-earning assets ( <i>note 20g</i> )	(1,884,973)	(1,694,751)
Provision for accounts receivable ( <i>note 20e</i> )	<u>(33,260)</u>	<u>(25,647)</u>
Total	<u>67,261,890</u>	<u>64,882,838</u>

\* These balances included balances with related parties which are disclosed in note 20i to the financial statements.

\*\* These balances are included in the interest-earning assets disclosed in note 20g.

20b(1). An ageing analysis of the lease receivables, determined based on the age of the receivables since the effective dates of the relevant lease contracts, as at the end of the reporting period is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Gross lease receivables:		
Within 1 year	12,759	–
3 years and beyond	<u>4,635,952</u>	<u>7,324,293</u>
Total	<u><u>4,648,711</u></u>	<u><u>7,324,293</u></u>
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Net lease receivables:		
Within 1 year	10,245	–
3 years and beyond	<u>3,104,359</u>	<u>5,813,765</u>
Total	<u><u>3,114,604</u></u>	<u><u>5,813,765</u></u>

20b(2). The table below illustrates the gross and net amounts of the lease receivables the Group expects to receive in the following consecutive accounting years:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Gross lease receivables:		
Due within 1 year	1,885,326	4,754,900
Due in 1 to 2 years	1,347,270	1,802,753
Due in 2 to 3 years	774,988	653,316
Due after 3 years and beyond	<u>641,127</u>	<u>113,324</u>
Total	<u><u>4,648,711</u></u>	<u><u>7,324,293</u></u>
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Net lease receivables:		
Due within 1 year	1,043,354	3,695,780
Due in 1 to 2 years	950,529	1,537,037
Due in 2 to 3 years	613,745	560,898
Due after 3 years and beyond	<u>506,976</u>	<u>20,050</u>
Total	<u><u>3,114,604</u></u>	<u><u>5,813,765</u></u>

**20b(2). There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements of the Group that needed to be recorded as at the end of the reporting period.**

As at 31 December 2023, the amounts of the gross lease receivables and net lease receivables pledged as security for the Group's borrowings were nil and nil (As at 31 December 2022: RMB300,478,000 and RMB282,716,000), respectively.

**20c(1). An ageing analysis of receivables arising from sale-and-leaseback arrangements, determined based on the age of the receivables since the effective dates of the relevant loan contracts, as at the end of the reporting period is as follows:**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	25,172,504	23,420,268
1 to 2 years	16,118,369	19,579,695
2 to 3 years	12,699,822	8,585,709
3 years and beyond	<u>8,707,430</u>	<u>6,426,247</u>
Total	<u><u>62,698,125</u></u>	<u><u>58,011,919</u></u>

**20c(2). The table below illustrates the amounts of receivables arising from sale-and-leaseback arrangements the Group expects to receive in the following consecutive accounting years:**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Due within 1 year	22,795,624	18,561,312
Due in 1 to 2 years	18,639,344	16,636,111
Due in 2 to 3 years	12,288,560	12,846,286
Due after 3 years and beyond	<u>8,974,597</u>	<u>9,968,210</u>
Total	<u><u>62,698,125</u></u>	<u><u>58,011,919</u></u>

As at 31 December 2023, the Group's receivables arising from sale-and-leaseback arrangements pledged or charged as security for the Group's bank and other borrowings amounted to RMB8,799,229,000 (31 December 2022: RMB6,133,017,000).

**20d. An ageing analysis of the factoring receivables, determined based on the age of the receivables since the recognition date of the factoring receivables, as at the end of the year is as follows:**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	688,496	986,647
More than 1 year	<u>847,360</u>	<u>421,500</u>
Total	<u><u>1,535,856</u></u>	<u><u>1,408,147</u></u>

20e(1). An ageing analysis of the accounts receivable, determined based on the age of the receivables since the recognition date of the accounts receivable, as at the end of the year is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Within 1 year	1,636,210	1,294,356
More than 1 year	<u>153,850</u>	<u>73,149</u>
Total	<u><u>1,790,060</u></u>	<u><u>1,367,505</u></u>

Accounts receivable arose from the sale of medical equipment and medicines and the provision of medical services. Except for some specific contracts, the Group generally does not provide credit terms to customers.

20e(2). **Provision for accounts receivable**

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns.

Set out below is the information about the credit risk exposure on the Group's accounts receivable using a provision matrix:

**As at 31 December 2023**

	Ageing		
	Within 1 year <i>RMB'000</i>	Over 1 years <i>RMB'000</i>	Total <i>RMB'000</i>
Gross carrying amount	1,636,210	153,850	1,790,060
Expected credit loss	11,257	22,003	33,260
Average expected credit loss rate	0.69%	14.30%	1.86%

**As at 31 December 2022**

	Ageing		
	Within 1 year <i>RMB'000</i>	Over 1 years <i>RMB'000</i>	Total <i>RMB'000</i>
Gross carrying amount (restated)	1,294,356	73,149	1,367,505
Expected credit loss (restated)	3,172	22,475	25,647
Average expected credit loss rate (restated)	0.25%	30.72%	1.88%

**20f. An ageing analysis of the notes receivable, determined based on the age of the receivables since the recognition date of the notes receivable, as at the end of the year is as follows:**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	<u>41,478</u>	<u>1,900</u>

**20g. Analysis of interest-earning assets**

As at 31 December 2023	Stage I (12-month ECLs) <i>RMB'000</i>	Stage II (Lifetime ECLs) <i>RMB'000</i>	Stage III (Lifetime ECLs – impaired) <i>RMB'000</i>	Total <i>RMB'000</i>
Total interest-earning assets	60,239,150	6,446,992	662,443	67,348,585
Allowance for impairment losses	<u>(945,255)</u>	<u>(591,420)</u>	<u>(348,298)</u>	<u>(1,884,973)</u>
Interest-earning assets, net	<u>59,293,895</u>	<u>5,855,572</u>	<u>314,145</u>	<u>65,463,612</u>
As at 31 December 2022	Stage I (12-month ECLs) <i>RMB'000</i>	Stage II (Lifetime ECLs) <i>RMB'000</i>	Stage III (Lifetime ECLs – impaired) <i>RMB'000</i>	Total <i>RMB'000</i>
Total interest-earning assets	58,052,407	6,342,938	838,486	65,233,831
Allowance for impairment losses	<u>(688,107)</u>	<u>(639,852)</u>	<u>(366,792)</u>	<u>(1,694,751)</u>
Interest-earning assets, net	<u>57,364,300</u>	<u>5,703,086</u>	<u>471,694</u>	<u>63,539,080</u>

**20h. Movements in provision for interest-earning assets**

The Group has applied the general approach to providing for expected credited losses (“ECLs”), which permits the use of either a twelve-month basis or a lifetime basis to record expected credit losses based on an expected credit loss model for interest-earning assets.

The Group has conducted an assessment of ECLs according to forward-looking information and used appropriate models and a large number of assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and the borrower’s creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group has adopted judgement, assumptions and estimation techniques in order to measure ECLs according to the requirements of accounting standards, such as the criteria for judging significant increases in credit risk, definition of credit-impaired financial assets, parameters for measuring ECLs and forward-looking information.

	<b>2023</b>			
	<b>Stage I (12-month ECLs) RMB'000</b>	<b>Stage II (Lifetime ECLs) RMB'000</b>	<b>Stage III (Lifetime ECLs – impaired) RMB'000</b>	<b>Total RMB'000</b>
At beginning of the year	688,107	639,852	366,792	1,694,751
Impairment losses for the year	93,066	18,481	78,375	189,922
Conversion to Stage I	195,699	(195,699)	–	–
Conversion to Stage II	(31,617)	156,471	(124,854)	–
Conversion to Stage III	–	(27,685)	27,685	–
Recoveries of interest-earning assets previously written off	–	–	300	300
At end of the year	<u>945,255</u>	<u>591,420</u>	<u>348,298</u>	<u>1,884,973</u>
	<b>2022</b>			
	<b>Stage I (12-month ECLs) RMB'000</b>	<b>Stage II (Lifetime ECLs) RMB'000</b>	<b>Stage III (Lifetime ECLs – impaired) RMB'000</b>	<b>Total RMB'000</b>
At beginning of the year	589,413	498,358	344,510	1,432,281
Impairment losses for the year	104,091	135,543	64,900	304,534
Conversion to Stage I	41,668	(41,668)	–	–
Conversion to Stage II	(47,065)	84,580	(37,515)	–
Conversion to Stage III	–	(36,961)	36,961	–
Write-off	–	–	(42,064)	(42,064)
At end of the year	<u>688,107</u>	<u>639,852</u>	<u>366,792</u>	<u>1,694,751</u>



## 20i. Balances with related parties

The balances of loans and accounts receivables of the Group included the balances with related parties are as follows:

Accounts receivable:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Shenyang Aerospace Hospital	4,650	–
Shanghai Electric Power Hospital	2,684	–
China National Instruments Import & Export (Group) Corporation	1,805	1,805
China Meheco Beijing Baitai-Borui Technology Co., Ltd.	<u>51</u>	<u>48</u>
Total due from related parties	<u><b>9,190</b></u>	<u><b>1,853</b></u>

The above related parties are subsidiaries of China General Technology (Group) Holding Company Limited (“Genertec Group”).

The balances with the related parties are unsecured, interest-free and repayable on demand.

## 21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Current:			
Prepayments		87,457	110,719
Other receivables		527,698	512,349
Other current assets		71,108	49,948
Due from related parties	<i>21a</i>	24,991	26,762
Interest receivables		<u>–</u>	<u>3,961</u>
Total – current		<u><b>711,254</b></u>	<u><b>703,739</b></u>
Non-current:			
Subordinated tranches of asset-backed securities		200,983	172,519
Continuing involvement in transferred assets ( <i>Note 38</i> )		309,499	280,968
Prepayments for non-current assets		90,445	192,237
Other receivables for non-current assets		3,663	–
Other non-current assets		<u>25,941</u>	<u>20,228</u>
Total – non-current		<u><b>630,531</b></u>	<u><b>665,952</b></u>
Impairment allowance		<u><b>(31,259)</b></u>	<u><b>(36,073)</b></u>
Total		<u><b>1,310,526</b></u>	<u><b>1,333,618</b></u>

## 21a. Balances with related parties

Particulars of amounts due from related parties are as follows:

		2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Due from related parties:			
Genertec Group Healthcare Digital Technology (Beijing) Co., Ltd.	<i>(iii)</i>	21,185	–
Genertec Group Asset Management Co., Ltd.	<i>(i)</i>	3,476	–
Genertec Finance Co., Ltd.	<i>(i)</i>	253	13,553
China General Technology (Group) Holding Company Limited	<i>(i)</i>	70	54
China General Consulting & Investment Co., Ltd.	<i>(i)</i>	5	–
China Xinxing Construction & Development Co., Ltd.	<i>(i)</i>	1	7,846
Genertec International Logistics Co., Ltd.	<i>(i)</i>	1	1
Instrimpex International Tendering Co., Ltd.	<i>(i)</i>	–	2,495
Genertec Hong Kong International Capital Limited	<i>(i)</i>	–	1,126
China Telecommunication Construction No.5 Engineering Co., Ltd.	<i>(i)</i>	–	850
Paryocean Properties Co., Ltd.	<i>(i)</i>	–	322
Sichuan Huankang Hospital Management Co., Ltd.	<i>(ii)</i>	–	316
China National Instruments Import & Export (Group) Corporation	<i>(i)</i>	–	159
China Meheco Beijing Baitai-Borui Technology Co., Ltd.	<i>(i)</i>	–	40
Total due from related parties		<u>24,991</u>	<u>26,762</u>

- (i) The above related parties are subsidiaries of Genertec Group. The balances with the related parties are unsecured and interest-free.
- (ii) The above related party is a joint venture of the Group. The balance with the related party is unsecured and interest-free.
- (iii) The above related party is an associate of the Group. The balance with the related party is unsecured and interest-free.

## 22. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (restated)
Cash and bank balances	<b>3,539,945</b>	3,333,645
Time deposits	<u>–</u>	<u>150,000</u>
Subtotal	<b>3,539,945</b>	3,483,645
Less: Restricted deposits:		
Pledged deposits and restricted bank deposits	<b>(690,972)</b>	(628,303)
Time deposits with original maturity of more than three months	<u>–</u>	<u>(150,000)</u>
Cash and cash equivalents	<u><b>2,848,973</b></u>	<u>2,705,342</u>

As at 31 December 2023, the cash and bank balances of the Group denominated in RMB amounted to RMB3,395,033,000 (31 December 2022: RMB3,069,301,000(restated)). RMB is freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at either fixed or floating rates based on daily bank deposit rates.

As at 31 December 2023, cash of RMB671,852,000 (31 December 2022: RMB628,303,000) was pledged and restricted for bank and other borrowings.

As at 31 December 2023, cash of RMB19,120,000 (31 December 2022: Nil) was pledged for bank acceptances, letters of credit and others.

As at 31 December 2023, cash of RMB1,534,481,000 (31 December 2022: RMB1,217,090,000 (restated)) was deposited with Genertec Finance Co., Ltd., a related party.

## 23. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i> (restated)
Measured at fair value:		
Notes receivable	<u><b>11,415</b></u>	<u>–</u>

## 24. TRADE AND BILLS PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Bills payables	966,478	615,096
Trade payables	1,905,748	1,651,391
Due to related parties ( <i>note 24b</i> )	<u>116,447</u>	<u>27,937</u>
Total	<u><u>2,988,673</u></u>	<u><u>2,294,424</u></u>

The trade and bills payables are non-interest-bearing and are normally repayable within one year.

### 24a. An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Within 1 year	2,742,560	2,233,744
1 to 2 years	222,336	33,844
2 to 3 years	4,710	2,761
Over 3 years	<u>19,067</u>	<u>24,075</u>
Total	<u><u>2,988,673</u></u>	<u><u>2,294,424</u></u>

## 24b. Balances with related parties

Particulars of the amounts due to related parties are as follows:

		2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Trade payables:			
China Xinxing Construction Engineering Co., Ltd.	(i)	73,231	27,170
China Meheco Beijing Baitai-Borui Technology Co., Ltd.	(i)	40,499	290
Handan General Pharmaceutical Co., Ltd.	(i)	1,424	–
Genertec Group Healthcare Digital Technology (Beijing) Co., Ltd.	(ii)	371	–
Instrimpex International Tendering Co., Ltd.	(i)	339	–
China Telecommunication Construction No.5 Engineering Co., Ltd.	(i)	228	–
Genertec Group Beijing Yongzheng Pharmaceutical Co., Ltd.	(i)	185	–
Genertec Italia s.r.l.	(i)	84	79
Genertec International Logistics Co., Ltd.	(i)	79	79
Beijing Meikang Baitai Pharmaceutical Technology Co., Ltd.	(i)	7	–
Genertec Europe Temax GmbH	(i)	–	319
		<u>116,447</u>	<u>27,937</u>
Total due to related parties			

- (i) The above related parties are subsidiaries of Genertec Group.
- (ii) The above related party is an associate of the Group.
- (iii) The balances with the related parties are unsecured, interest-free or based on the payment schedules agreed between the Group and the respective parties.

## 25. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000 (restated)
Current:			
Lease deposits due within one year		<b>1,039,304</b>	455,431
Accrued salaries		<b>439,161</b>	305,630
Welfare payables		<b>62,447</b>	51,561
Current portion of post-retirement benefit obligation	29	<b>6,895</b>	7,179
Contract liabilities	25a	<b>248,489</b>	263,874
Due to related parties	25b	<b>303,829</b>	363,280
Other taxes payable		<b>148,103</b>	85,677
Interest payable		<b>260,676</b>	315,649
Funds collected on behalf of special purpose entities in relation to asset-backed securitisations*		<b>1,073,211</b>	619,573
Other payables		<b>818,799</b>	775,677
Total – current		<b>4,400,914</b>	3,243,531
Non-current:			
Lease deposits due after one year		<b>3,494,480</b>	3,348,185
Accrued salaries		<b>865,455</b>	850,392
Non-current portion of retirement benefit obligation	29	<b>82,946</b>	84,924
Deferred income		<b>28,926</b>	21,253
Other payables		<b>10,044</b>	19,548
Total – non-current		<b>4,481,851</b>	4,324,302
Total		<b>8,882,765</b>	7,567,833

\* The Group transferred loans and accounts receivables to special purpose entities. The Group collected the receivables on behalf of special purpose entities and would pay the funds based on the payment schedule agreed between the Group and the special purpose entities.

### 25a. Details of contract liabilities are as follows:

	<b>31 December</b> <b>2023</b> <b>RMB'000</b>	31 December 2022 RMB'000 (restated)	1 January 2022 RMB'000 (restated)
Service fee income	<b>81,833</b>	67,025	3,108
Sale of finished goods	<b>22,028</b>	31,040	9,248
Healthcare service	<b>144,628</b>	165,809	151,054
Total contract liabilities	<b>248,489</b>	263,874	163,410

Contract liabilities include short-term advances received to deliver goods and render services.

## 25b. Balances with related parties

Details of the amounts due to related parties are as follows:

		2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Due to related parties			
Sichuan Huankang Hospital Management Co., Ltd.	(ii)	<b>138,626</b>	351,977
Genertec Group Healthcare Digital Technology (Beijing) Co., Ltd.	(iii)	<b>134,707</b>	–
Genertec Hong Kong International Capital Limited	(i)	<b>21,462</b>	11,303
Sichuan Zhongqi Healthcare Industry Co., Ltd.	(iv)	<b>6,716</b>	–
China XinXing Construction & Development Co., Ltd.	(i)	<b>2,318</b>	–
		<u><b>303,829</b></u>	<u>363,280</u>
Total due to related parties			

- (i) The above related parties are subsidiaries of Genertec Group. The balance with related parties were unsecured and repayable based on the payment schedule agreed between the Group and the related parties.
- (ii) The above related party is a joint venture of the Group. The balance with a related party was unsecured and repayable based on the payment schedule agreed between the Group and the related party.
- (iii) The above related party is an associate of the Group. The balance with a related party was unsecured and repayable based on the payment schedule agreed between the Group and the related party.
- (iv) The above related party is a subsidiary of the joint venture. The balance with a related party was unsecured and repayable based on the payment schedule agreed between the Group and the related party.

## 26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2023			31 December 2022		
	Effective annual interest rate (%)	Maturity	RMB'000	Effective annual interest rate (%)	Maturity	RMB'000
Current:						
Bank loans						
– secured	2.70~2.80	2024	400,000	2.80	2023	200,000
– unsecured	2.50~6.56	2024	6,200,697	2.05~3.98	2023	2,318,976
Current portion of long-term bank loans:						
– secured	2.90~3.95	2024	2,586,417	3.05~4.99	2023	1,811,973
– unsecured	2.50~6.93	2024	6,791,666	3.20~5.57	2023	8,519,140
Lease liabilities						
– secured	4.50	2024	67,337	3.85	2023	767,574
– unsecured	4.75~4.90	2024	16,908	4.75~4.90	2023	40,368
Bonds payables						
– unsecured	2.28~3.79	2024	6,445,381	1.80~4.30	2023	7,144,759
Due to a related party						
– unsecured	2.85~2.95	2024	29,199	–	–	–
Total – current			<u>22,537,605</u>			<u>20,802,790</u>
Non-current:						
Bank loans						
– secured	2.90~3.85	2025~2028	5,346,383	3.05~4.70	2024~2027	3,213,343
– unsecured	2.50~3.75	2025~2030	5,090,152	2.50~5.59	2024~2027	8,216,816
Bonds payables						
– unsecured	3.00~3.65	2025~2028	8,993,483	3.08~4.33	2024~2027	9,420,547
Lease liabilities						
– secured	4.50	2025	31,700	–	–	–
– unsecured	4.75~4.90	2025~2031	214,218	4.75~4.90	2024~2031	181,985
Due to related parties						
– unsecured	3.65~6.81	2025~2027	4,416,540	3.80~5.31	2024~2025	4,092,920
Subtotal – non-current			<u>24,092,476</u>			<u>25,125,611</u>
Convertible bonds						
– host debts (Note 27)	2.00	2026	1,019,519	2.00	2026	982,982
Total – non-current			<u>25,111,995</u>			<u>26,108,593</u>
Total			<u><u>47,649,600</u></u>			<u><u>46,911,383</u></u>



The carrying amounts of borrowings are denominated in the following currencies:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Hong Kong dollar	<b>3,054,146</b>	3,770,991
RMB	<b>38,504,534</b>	32,720,554
United States dollar	<b>6,090,920</b>	10,419,838
<b>Total</b>	<b><u>47,649,600</u></b>	<b><u>46,911,383</u></b>

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Fixed interest rate	<b>24,431,290</b>	21,344,980
Variable interest rate	<b>23,218,310</b>	25,566,403
<b>Total</b>	<b><u>47,649,600</u></b>	<b><u>46,911,383</u></b>

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Analysed into:		
Bank loans repayable:		
Within one year	<b>15,978,780</b>	12,850,089
In the second year	<b>5,834,915</b>	8,634,240
In the third to fifth years, inclusive	<b>4,280,412</b>	2,795,919
Beyond five years	<b>321,208</b>	-
<b>Subtotal</b>	<b><u>26,415,315</u></b>	<b><u>24,280,248</u></b>
Other borrowings repayable:		
Within one year	<b>6,558,825</b>	7,952,701
In the second year	<b>4,958,695</b>	292,831
In the third to fifth years, inclusive	<b>9,553,227</b>	14,385,603
Beyond five years	<b>163,538</b>	-
<b>Subtotal</b>	<b><u>21,234,285</u></b>	<b><u>22,631,135</u></b>
<b>Total</b>	<b><u>47,649,600</u></b>	<b><u>46,911,383</u></b>

*Notes:*

- (a) As at 31 December 2023, the Group's bank and other borrowings secured by loans and accounts receivables, cash and bank balances and restricted deposits were RMB8,429,333,000 (31 December 2022: RMB5,992,890,000).
- (b) As at 31 December 2023, the principal amounts of the Group's borrowings from related parties were RMB2,116,540,000 from Genertec HongKong International Capital Limited, RMB2,300,000,000 from China General Technology (Group) Holding Company Limited and RMB29,199,000 from Genertec Finance Co., Ltd. (31 December 2022: RMB2,092,920,000 from Genertec HongKong International Capital Limited and RMB2,000,000,000 from China General Technology (Group) Holding Company Limited).
- (c) As at 31 December 2023, China General Technology (Group) Holding Company Limited provided a comfort letter for bank borrowings in an amount of RMB1,730,976,000 (31 December 2022: RMB11,335,933,000).

## **27. CONVERTIBLE BONDS**

On 25 March 2021, Genertec Universal Medical Development (BVI) Co., Ltd., a wholly-owned subsidiary of the Company issued the Convertible Bonds under the Specific Mandate (the "Convertible Bonds") with a nominal value of USD150,000,000. The Convertible Bonds will be unconditionally and irrevocably guaranteed by the Company. There was no movement in the number of these convertible bonds during the year. The Convertible Bonds are convertible at the option of the bondholders into ordinary shares of the Company with the initial conversion price of HKD6.56 per share at any time on or after 25 March 2021 (the "Issue Date") and up to 5:00 p.m. on the fifteenth day prior to 25 March 2026 (the "Maturity Date"). The conversion price of the Convertible Bonds was adjusted from HKD6.56 per share to HKD6.47 per share with effect from 18 June 2021 as a result of the declaration of the final dividend for the year ended 31 December 2020, and was further adjusted from HKD6.47 per share to HKD6.28 per share and then to HK6.09 per share with effect from 16 June 2022 and 16 June 2023 respectively as a result of the declaration of the final dividend for the year ended 31 December 2021 and 31 December 2022. The Convertible Bonds are redeemable at the option of the bondholders at 100.00 per cent of their principal amount on 25 March 2024 or 2025. Any of the Convertible Bonds not converted will be redeemed on 25 March 2026 at 100.00 percent of their principal amount. The Convertible Bonds carry interest at a rate of 2.0 percent per annum, and interest is payable semi-annually in arrears on 25 March and 25 September.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds issued have been split into the liability and equity components as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Nominal value of convertible bonds issued	979,230	979,230
Equity component	(75,486)	(75,486)
Direct transaction costs attributable to the equity component	(1,020)	(1,020)
Direct transaction costs attributable to the liability component	<u>(12,037)</u>	<u>(12,037)</u>
Liability component at the issuance date	890,687	890,687
Interest expense	106,529	65,755
Interest paid	(50,700)	(29,685)
Exchange realignment	<u>73,003</u>	<u>56,225</u>
Liability component at 31 December ( <i>Note 26</i> )	<u><u>1,019,519</u></u>	<u><u>982,982</u></u>

## 28. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

### Deferred tax assets

	Impairment <i>RMB'000</i>	Salary and welfare payable <i>RMB'000</i>	Cash flow hedges <i>RMB'000</i>	Fair value loss on derivative financial instruments <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Gross deferred tax assets at 1 January 2023 (restated)	422,490	199,645	160,324	10,165	7,939	800,563
Credited to the statement of profit or loss during the year	44,815	38,692	(2,728)	(10,165)	(3,291)	67,323
Credited to reserves	-	-	(86,388)	-	-	(86,388)
Business combination not under common control ( <i>Note 33(b)</i> )	<u>825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>675</u>	<u>1,500</u>
Gross deferred tax assets at 31 December 2023	<u><u>468,130</u></u>	<u><u>238,337</u></u>	<u><u>71,208</u></u>	<u><u>-</u></u>	<u><u>5,323</u></u>	<u><u>782,998</u></u>
Gross deferred tax assets at 1 January 2022, as previously reported	354,632	168,785	27,524	45,103	6,335	602,379
Business combination under common control ( <i>Note 33(a)</i> )	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
Gross deferred tax assets at 1 January 2022 (restated)	354,632	168,785	27,524	45,103	6,344	602,388
Credited to the statement of profit or loss during the year (restated)	67,858	30,860	27,666	(34,938)	1,595	93,041
Credited to reserves	<u>-</u>	<u>-</u>	<u>105,134</u>	<u>-</u>	<u>-</u>	<u>105,134</u>
Gross deferred tax assets at 31 December 2022 (restated)	<u><u>422,490</u></u>	<u><u>199,645</u></u>	<u><u>160,324</u></u>	<u><u>10,165</u></u>	<u><u>7,939</u></u>	<u><u>800,563</u></u>

## Deferred tax liabilities

	Lease deposits <i>RMB'000</i>	Fair value gain on derivative financial instruments <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Gross deferred tax liabilities at 1 January 2023 (restated)	48,129	–	9,883	58,012
Charged to the statement of profit or loss during the year	3,112	9,147	7,811	20,070
Business combination under not common control ( <i>Note 33(b)</i> )	–	–	2,753	2,753
	<u>51,241</u>	<u>9,147</u>	<u>20,447</u>	<u>80,835</u>
Gross deferred tax liabilities at 31 December 2023				
Gross deferred tax liabilities at 1 January 2022	37,889	–	3,306	41,195
Charged to the statement of profit or loss during the year (restated)	10,240	–	6,577	16,817
	<u>48,129</u>	<u>–</u>	<u>9,883</u>	<u>58,012</u>
Gross deferred tax liabilities at 31 December 2022 (restated)				

For the purpose of presentation of the consolidated statement of financial position, deferred tax assets and liabilities have been offset as the deferred taxes relate to the same taxable entity and the same taxation authority, and net deferred tax assets are presented as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Net deferred tax assets recognised in the consolidated statement of financial position	<u>702,163</u>	<u>742,551</u>

The Company has tax losses arising in Hong Kong of RMB202,425,000 (2022: RMB188,204,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose and tax losses arising in Chinese Mainland of RMB60,134,000 (2022: RMB45,014,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in the Company that has been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the Chinese Mainland in respect of earnings generated from 1 January 2008.

At 31 December 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland (2022: Nil). In the opinion of the directors, part of Chinese Mainland subsidiaries' profits will be retained to expand the operations in Chinese Mainland and it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB6,669,541,000 (2022: RMB5,747,745,000).

## 29. POST-RETIREMENT BENEFIT OBLIGATIONS

The Group provides eligible retirees with other post-retirement benefits, including retirement subsidies, transportation allowance as well as other welfare. The expected cost of providing these post-retirement benefits is actuarially determined and recognised by using the projected unit credit method, which involves a number of assumptions and estimates, including the inflation rate, discount rate, etc.

The plan is exposed to interest rate risk and the risk of changes in the life expectancy for pensioners.

The most recent actuarial valuation of the post-retirement benefit obligations was carried out at 31 December 2023 using the projected unit credit actuarial valuation method.

The post-retirement benefit obligations recognised in the consolidated statement of financial position are as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Post-retirement benefit obligations	<b>89,841</b>	92,103
Less: current portion	<u>(6,895)</u>	<u>(7,179)</u>
Non-current portion	<u><b>82,946</b></u>	<u>84,924</u>

The principal actuarial assumptions utilised as at the end of the reporting period are as follows:

	<b>2023</b>	2022
Discount rate for post-retirement benefits	<b>2.90%</b>	2.90%
Mortality rate	<b>China Insurance Life Mortality Table (2010-2013). CL5 for Male and CL6 for Female</b>	China Insurance Life Mortality Table (2010-2013). CL5 for Male and CL6 for Female
Total military welfare expense growth rate	<b>6.00%</b>	6.00%
Growth rate of work-related injury and living expenses	<b>2.50%</b>	2.50%

A quantitative sensitivity analysis for significant assumptions at the end of the reporting period is shown below:

	Increase/ (decrease) in post-retirement benefit		Increase/ (decrease) in post-retirement benefit	
	Increase in rate %	obligations RMB'000	Decrease in rate %	obligations RMB'000
<b>2023</b>				
Discount rates for post-retirement benefits	<b>0.25</b>	<b>(2,361)</b>	<b>0.25</b>	<b>2,465</b>
Annual increase rate of military welfare expense	<b>0.25</b>	<b>722</b>	<b>0.25</b>	<b>(696)</b>
Annual increase rate of work-related injury and living expenses	<b>0.25</b>	<b>7</b>	<b>0.25</b>	<b>(7)</b>
		Increase/ (decrease) in post-retirement benefit		Increase/ (decrease) in post-retirement benefit
<b>2022</b>	Increase in rate %	obligations RMB'000	Decrease in rate %	obligations RMB'000
Discount rates for post-retirement benefits	0.25	(2,422)	0.25	2,529
Annual increase rate of military welfare expense	0.25	757	0.25	(729)
Annual increase rate of work-related injury and living expenses	0.25	24	0.25	(23)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net post-retirement benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Expected contributions to be made in the future years out of the post-retirement benefit obligations were as follows:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b>6,895</b>	7,179
Between 2 and 5 years	<b>26,040</b>	27,243
Between 6 and 10 years	<b>28,603</b>	30,051
Over 10 years	<b>66,211</b>	71,945
	<hr/>	<hr/>
Total expected payments	<b><u>127,749</u></b>	<u>136,418</u>

The average duration of the post-retirement benefit obligations at the end of 2023 was 10.32 years (2022: 10.30 years).

The movements in the post-retirement benefit obligations were as follows:

	<i>RMB'000</i>
1 January 2023	<b>92,103</b>
<i>Pension cost charged to profit or loss:</i>	
Past service cost	<b>2,102</b>
Net interest	<b>2,760</b>
	<hr/>
Sub-total included in profit or loss	<b>4,862</b>
<i>Remeasurement profits in other comprehensive income:</i>	
Changes of the financial assumptions	<b>2,733</b>
Experience adjustments	<b>(2,539)</b>
	<hr/>
Sub-total included in other comprehensive income	<b>194</b>
Benefits settled	<b>(7,318)</b>
	<hr/>
31 December 2023	<b><u>89,841</u></b>

	<i>RMB'000</i>
1 January 2022	95,959
<i>Pension cost charged to profit or loss:</i>	
Past service cost	1,537
Net interest	<u>3,061</u>
Sub-total included in profit or loss	4,598
<i>Remeasurement profits in other comprehensive income:</i>	
Changes of the financial assumptions	1,946
Experience adjustments	<u>(3,317)</u>
Sub-total included in other comprehensive income	(1,371)
Benefits settled	<u>(7,083)</u>
31 December 2022	<u><u>92,103</u></u>

### 30. SHARE CAPITAL

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Issued and fully paid:		
1,891,539,661 (2022: 1,891,539,661) ordinary shares	<u><b>5,297,254</b></u>	<u>5,297,254</u>

### 31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

#### Capital reserve

The capital reserve mainly comprised: (i) the share-based compensation reserve comprising the fair value of the shares awarded under the share transfer to the management of the Group recognised in accordance with the accounting policy adopted for equity compensation benefits, (ii) the excess/deficiency of the carrying amount of net assets over the purchase consideration for subsidiaries acquired under common control, and (iii) the excess/deficiency of the considerations paid for/received from over the changes in the carrying amounts of non-controlling interests in the acquisitions of further interests in subsidiaries or disposal of partial interests in subsidiaries, respectively.



## **Statutory reserve**

Pursuant to the relevant laws and regulations and the articles of association of the subsidiaries of the Company in Chinese Mainland, if a subsidiary is registered as a Sino-foreign joint venture, it is required to, at the discretion of the board of directors, transfer a portion of its profits after taxation reported in its statutory financial statements prepared under the applicable PRC accounting standards to the statutory reserve.

If a subsidiary is registered as a wholly-foreign-invested enterprise or a domestic limited liability company, it is required to appropriate 10% of each year's statutory net profits to the statutory reserve according to the PRC accounting standards and regulations (after offsetting previous years' losses) to the statutory reserve. The PRC subsidiary may discontinue the contribution when the aggregate sum of the statutory reserve is more than 50% of its registered capital. Upon contribution to the statutory reserve using its post-tax profit, a company may make further contributions to the statutory reserve using its post-tax profit in accordance with a resolution of the board of directors. The appropriation to statutory and discretionary reserves must be made before distribution of dividends to owners. These reserves shall only be used to make up for previous years' losses, to expand production operations, or to increase the capital of the PRC subsidiary. The statutory reserve can be transferred to paid-in capital, provided that the balance of the statutory reserve after such transfer is not less than 25% of its registered capital.

## **Exchange fluctuation reserve**

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with a functional currency other than RMB.

## **Share-based compensation reserve**

The share-based compensation reserve of the Group comprises the recognition of the equity-settled share-based payments under the Share Option Scheme for share options which are yet to be exercised. The amount will either be transferred to the share capital account or shares held for the share award scheme when the related share options are exercised or awards are vested.

## **General and regulatory reserve**

The Group maintains a general reserve within equity, through the appropriation of profit, which sets aside to guard against losses on risk assets.

## **Special reserve**

The special reserve mainly represents the funds set aside for the purpose of certain safety production activities. Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC and other relevant regulatory bodies, the subsidiary, Yangquan Medical Oxygen Factory, set aside funds mainly for construction service activities at prescribed rates. These funds can be used for maintenance and/or improvements of safety of these activities, and are not available for distribution to shareholders.

## 32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2023	2022
Percentage of equity interest held by non-controlling interest:		
Genertec Universal Huayang Shanxi Healthcare Industry Co., Ltd.	<b>49.00%</b>	49.00%
Genertec Ansteel Hospital Management Co., Ltd.	<b>48.85%</b>	48.85%
	<b>2023</b>	2022
	<b>RMB'000</b>	<b>RMB'000</b>
Profit/(loss) for the year allocated to non-controlling interests:		
Genertec Universal Huayang Shanxi Healthcare Industry Co., Ltd.	<b>15,147</b>	(5,308)
Genertec Ansteel Hospital Management Co., Ltd.	<b>32,661</b>	27,745
Accumulated balances of non-controlling interests at the reporting dates:		
Genertec Universal Huayang Shanxi Healthcare Industry Co., Ltd.	<b>675,280</b>	660,072
Genertec Ansteel Hospital Management Co., Ltd.	<b>597,150</b>	568,241

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	<b>Genertec Universal Huayang Shanxi Healthcare Industry Co., Ltd. RMB'000</b>	<b>Genertec Ansteel Hospital Management Co., Ltd. RMB'000</b>
<b>2023</b>		
Revenue	<b>898,661</b>	<b>915,157</b>
Total expenses	<b>867,750</b>	<b>849,839</b>
Profit for the year	<b>30,911</b>	<b>65,318</b>
Total comprehensive income for the year	<b>30,911</b>	<b>65,123</b>
Current assets	<b>1,240,021</b>	<b>759,581</b>
Non-current assets	<b>620,134</b>	<b>770,835</b>
Current liabilities	<b>(473,829)</b>	<b>(211,365)</b>
Non-current liabilities	<b>(8,205)</b>	<b>(95,220)</b>
Net cash flows from operating activities	<b>35,072</b>	<b>92,787</b>
Net cash flows used in investing activities	<b>(8,545)</b>	<b>(94,773)</b>
Net cash flows used in financing activities	<b>-</b>	<b>(948)</b>
Net increase/(decrease) in cash and cash equivalents	<b>26,527</b>	<b>(2,934)</b>

	Genertec Universal Huayang Shanxi Healthcare Industry Co., Ltd. <i>RMB'000</i>	Genertec Ansteel Hospital Management Co., Ltd. <i>RMB'000</i>
2022		
Revenue	845,556	816,308
Total expenses	856,389	760,340
(Loss)/profit for the year	(10,833)	55,968
Total comprehensive (loss)/income for the year	<u>(10,833)</u>	<u>57,339</u>
Current assets	1,183,693	705,778
Non-current assets	663,141	760,493
Current liabilities	(494,478)	(211,559)
Non-current liabilities	<u>(5,269)</u>	<u>(93,096)</u>
Net cash flows from operating activities	16,451	32,707
Net cash flows used in investing activities	(14,598)	(55,331)
Net cash flows from financing activities	<u>—</u>	<u>23,934</u>
Net increase in cash and cash equivalents	<u>1,853</u>	<u>1,310</u>

### 33. BUSINESS COMBINATIONS

#### (a) Business combination under common control

As mentioned in note 2.1, the Beijing Zhongxing Hospital Acquisition and the Acquisition of the target hospitals have been accounted for based on the principles of merger accounting. Accordingly, the assets and liabilities of Beijing Zhongxing Hospital, No. 408 Hospital, Luoyang Hechai Hospital, Luoyang Yikangyuan Elderly Care Co., Ltd., Chongqing Dadukou Changzheng Hospital Co., Ltd., Beijing Guotong Huankang Hospital Management Co., Ltd. and Beijing Haidian District Xisanqi Street Xincai Community Healthcare Service Station acquired by the Group have been accounted for at historical cost and the consolidated financial statements of the Group for the year prior to the combination have been restated to include the financial position and results of operations of Beijing Zhongxing Hospital, No. 408 Hospital, Luoyang Hechai Hospital, Luoyang Yikangyuan Elderly Care Co., Ltd., Chongqing Dadukou Changzheng Hospital Co., Ltd., Beijing Guotong Huankang Hospital Management Co., Ltd. and Beijing Haidian District Xisanqi Street Xincai Community Healthcare Service Station on a combined basis. The details of the restated balances are stated below.

The reconciliation of the effect arising from the common control combination on the consolidated statements of financial position as at 31 December 2021 and 2022 are as follows:

As at 31 December 2021

	The Group, as previously reported RMB'000	Beijing Zhongxing Hospital RMB'000	No. 408 Hospital RMB'000	Luoyang Hechai Hospital RMB'000	Luoyang Yikangyuan Elderly Care Co., Ltd. RMB'000	Chongqing Dadukou Changzheng Hospital Co., Ltd. RMB'000	Beijing Guotong Huan Kang Hospital Management Co., Ltd. RMB'000	Beijing Haidian District Xisanqi Street Xincai Community Healthcare Service Station RMB'000	Adjustments and eliminations RMB'000	Consolidated RMB'000
<b>NON-CURRENT ASSETS</b>										
Property, plant and equipment	2,523,269	4,255	-	-	-	5,030	6,321	585	-	2,539,460
Right-of-use assets	794,652	-	-	-	-	264	-	-	-	794,916
Loans and accounts receivables	39,518,628	-	-	-	-	-	-	-	-	39,518,628
Prepayments, other receivables and other assets	507,316	-	-	-	-	-	-	194	-	507,510
Goodwill	102,253	-	-	-	-	-	-	-	-	102,253
Deferred tax assets	561,184	-	-	-	-	-	9	-	-	561,193
Financial assets at fair value through profit or loss	366,470	-	-	-	-	-	-	-	-	366,470
Derivative financial instruments	6,915	-	-	-	-	-	-	-	-	6,915
Investment in a joint venture	476,015	-	-	-	-	-	-	-	-	476,015
Investments in associates	4,284	-	-	-	-	-	-	-	-	4,284
Other intangible assets	46,183	-	-	-	-	-	-	-	-	46,183
<b>Total non-current assets</b>	<b>44,907,169</b>	<b>4,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,294</b>	<b>6,330</b>	<b>779</b>	<b>-</b>	<b>44,923,827</b>
<b>CURRENT ASSETS</b>										
Inventories	265,427	378	-	-	-	595	4,140	1,738	-	272,278
Loans and accounts receivables	21,046,689	-	-	-	-	433	2,217	-	-	21,049,339
Prepayments, other receivables and other assets	383,576	20	-	-	-	144	236	1,507	(16,419)	369,064
Restricted deposits	954,862	-	-	-	-	-	-	-	-	954,862
Cash and cash equivalents	2,342,078	9,812	-	-	-	11,826	16,760	15,862	-	2,396,338
<b>Total current assets</b>	<b>24,992,632</b>	<b>10,210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,998</b>	<b>23,353</b>	<b>19,107</b>	<b>(16,419)</b>	<b>25,041,881</b>

	The Group, as previously reported RMB'000	Beijing Zhongxing Hospital RMB'000	No. 408 Hospital RMB'000	Luoyang Hechai Hospital RMB'000	Luoyang Yikangyuan Elderly Care Co., Ltd. RMB'000	Chongqing Dadukou Changzheng Hospital Co., Ltd. RMB'000	Beijing Guotong Huanakang Hospital Management Co., Ltd. RMB'000	Beijing Haidian District Xisanqi Street Xincai Community Healthcare Service Station RMB'000	Adjustments and eliminations RMB'000	Consolidated RMB'000
<b>CURRENT LIABILITIES</b>										
Trade and bills payables	1,111,983	-	-	-	-	967	12,026	15,404	-	1,140,380
Other payables and accruals	2,417,318	9,124	-	-	-	2,368	16,373	19,916	(16,419)	2,448,680
Interest-bearing bank and other borrowings	14,745,821	-	-	-	-	-	-	-	-	14,745,821
Derivative financial instruments	346,569	-	-	-	-	-	-	-	-	346,569
Tax payable	109,608	-	-	-	-	-	-	-	-	109,608
<b>Total current liabilities</b>	<b>18,731,299</b>	<b>9,124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,335</b>	<b>28,399</b>	<b>35,320</b>	<b>(16,419)</b>	<b>18,791,058</b>
<b>NET CURRENT ASSETS</b>	<b>6,261,333</b>	<b>1,086</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,663</b>	<b>(5,046)</b>	<b>(16,213)</b>	<b>-</b>	<b>6,250,823</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>51,168,502</b>	<b>5,341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,957</b>	<b>1,284</b>	<b>(15,434)</b>	<b>-</b>	<b>51,174,650</b>
<b>NON-CURRENT LIABILITIES</b>										
Convertible bonds – host debts	882,689	-	-	-	-	-	-	-	-	882,689
Interest-bearing bank and other borrowings	28,544,061	-	-	-	-	-	-	-	-	28,544,061
Other payables and accruals	3,653,649	-	-	-	-	2,000	-	-	-	3,655,649
Other non-current liabilities	257,200	-	-	-	-	-	-	-	-	257,200
Derivative financial instruments	207,648	-	-	-	-	-	-	-	-	207,648
<b>Total non-current liabilities</b>	<b>33,545,247</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,547,247</b>
<b>Net assets</b>	<b>17,623,255</b>	<b>5,341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,957</b>	<b>1,284</b>	<b>(15,434)</b>	<b>-</b>	<b>17,627,403</b>
<b>EQUITY</b>										
Equity attributable to the owners of the parent										
Share capital	5,297,254	5,341	-	-	-	8,000	-	50	(13,391)	5,297,254
Equity component of convertible bonds	75,486	-	-	-	-	-	-	-	-	75,486
Reserves	7,731,249	-	-	-	-	4,957	1,284	(15,484)	8,050	7,730,056
	<b>13,103,989</b>	<b>5,341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,957</b>	<b>1,284</b>	<b>(15,434)</b>	<b>(5,341)</b>	<b>13,102,796</b>
Other equity instruments	1,661,840	-	-	-	-	-	-	-	-	1,661,840
Non-controlling interests	2,857,426	-	-	-	-	-	-	-	5,341	2,862,767
<b>Total equity</b>	<b>17,623,255</b>	<b>5,341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,957</b>	<b>1,284</b>	<b>(15,434)</b>	<b>-</b>	<b>17,627,403</b>

As at 31 December 2022

	The Group, as previously reported RMB'000	Beijing Zhongxing Hospital RMB'000	No. 408 Hospital RMB'000	Luoyang Hechai Hospital RMB'000	Luoyang Yikangyuan Elderly Care Co., Ltd. RMB'000	Chongqing Dadukou Changzheng Hospital Co., Ltd. RMB'000	Beijing Guotong Huankang Hospital Management Co., Ltd. RMB'000	Beijing Haidian District Xisanqi Street Xincai Community Healthcare Service Station RMB'000	Adjustments and eliminations RMB'000	Consolidated RMB'000
<b>NON-CURRENT ASSETS</b>										
Property, plant and equipment	3,780,646	3,535	5,526	6,953	1,064	9,303	6,813	6,459	-	3,820,299
Right-of-use assets	1,154,545	-	-	-	-	249	-	-	-	1,154,794
Loans and accounts receivables	41,404,185	-	-	-	-	-	-	-	-	41,404,185
Prepayments, other receivables and other assets	654,520	-	-	-	-	14	-	428	-	654,962
Goodwill	102,253	-	-	-	-	-	-	-	-	102,253
Deferred tax assets	743,021	-	-	-	-	-	(470)	-	-	742,551
Financial assets at fair value through profit or loss	245,987	-	-	-	-	-	-	-	-	245,987
Derivative financial instruments	100,544	-	-	-	-	-	-	-	-	100,544
Investment in a joint venture	486,195	-	-	-	-	-	-	-	-	486,195
Investments in associates	28,769	-	-	-	-	-	-	-	-	28,769
Other intangible assets	79,173	-	-	-	-	-	-	-	-	79,173
<b>Total non-current assets</b>	<b>48,779,838</b>	<b>3,535</b>	<b>5,526</b>	<b>6,953</b>	<b>1,064</b>	<b>9,566</b>	<b>6,343</b>	<b>6,887</b>	<b>-</b>	<b>48,819,712</b>
<b>CURRENT ASSETS</b>										
Inventories	375,728	331	754	1,311	-	661	6,814	2,453	-	388,052
Loans and accounts receivables	23,457,292	-	11,744	450	-	1,301	6,046	1,848	(28)	23,478,653
Prepayments, other receivables and other assets	668,574	8,832	769	4,782	7	13,245	457	122	(18,132)	678,656
Derivative financial instruments	131,610	-	-	-	-	-	-	-	-	131,610
Restricted deposits	778,303	-	-	-	-	-	-	-	-	778,303
Cash and cash equivalents	2,679,426	433	11,762	317	1,558	616	5,883	5,347	-	2,705,342
<b>Total current assets</b>	<b>28,090,933</b>	<b>9,596</b>	<b>25,029</b>	<b>6,860</b>	<b>1,565</b>	<b>15,823</b>	<b>19,200</b>	<b>9,770</b>	<b>(18,160)</b>	<b>28,160,616</b>

	The Group, as previously reported RMB'000	Beijing Zhongxing Hospital RMB'000	No. 408 Hospital RMB'000	Luoyang Hechai Hospital RMB'000	Luoyang Yikangyuan Elderly Care Co., Ltd. RMB'000	Chongqing Dadukou Changzheng Hospital Co., Ltd. RMB'000	Beijing Guotong Huankang Hospital Management Co., Ltd. RMB'000	Beijing Haidian District Xisanqi Street Xincai Community Healthcare Service Station RMB'000	Adjustments and eliminations RMB'000	Consolidated RMB'000
<b>CURRENT LIABILITIES</b>										
Trade and bills payables	2,247,218	-	7,657	6,281	1	2,255	13,627	17,413	(28)	2,294,424
Other payables and accruals	3,206,851	5,586	14,081	1,751	3,005	3,817	8,899	17,673	(18,132)	3,243,531
Interest-bearing bank and other borrowings	20,802,790	-	-	-	-	-	-	-	-	20,802,790
Derivative financial instruments	37,494	-	-	-	-	-	-	-	-	37,494
Tax payable	84,006	4	-	-	-	-	87	-	-	84,097
<b>Total current liabilities</b>	<b>26,378,359</b>	<b>5,590</b>	<b>21,738</b>	<b>8,032</b>	<b>3,006</b>	<b>6,072</b>	<b>22,613</b>	<b>35,086</b>	<b>(18,160)</b>	<b>26,462,336</b>
<b>NET CURRENT ASSETS</b>	<b>1,712,574</b>	<b>4,006</b>	<b>3,291</b>	<b>(1,172)</b>	<b>(1,441)</b>	<b>9,751</b>	<b>(3,413)</b>	<b>(25,316)</b>	<b>-</b>	<b>1,698,280</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>50,492,412</b>	<b>7,541</b>	<b>8,817</b>	<b>5,781</b>	<b>(377)</b>	<b>19,317</b>	<b>2,930</b>	<b>(18,429)</b>	<b>-</b>	<b>50,517,992</b>
<b>NON-CURRENT LIABILITIES</b>										
Convertible bonds – host debts	982,982	-	-	-	-	-	-	-	-	982,982
Interest-bearing bank and other borrowings	25,125,611	-	-	-	-	-	-	-	-	25,125,611
Other payables and accruals	4,316,530	-	-	-	1,500	5,288	984	-	-	4,324,302
Other non-current liabilities	280,968	-	-	-	-	-	-	-	-	280,968
Derivative financial instruments	83,308	-	-	-	-	-	-	-	-	83,308
<b>Total non-current liabilities</b>	<b>30,789,399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>5,288</b>	<b>984</b>	<b>-</b>	<b>-</b>	<b>30,797,171</b>
<b>Net assets</b>	<b>19,703,013</b>	<b>7,541</b>	<b>8,817</b>	<b>5,781</b>	<b>(1,877)</b>	<b>14,029</b>	<b>1,946</b>	<b>(18,429)</b>	<b>-</b>	<b>19,720,821</b>
<b>EQUITY</b>										
Equity attributable to the owners of the parent										
Share capital	5,297,254	7,541	-	-	300	8,000	-	50	(15,891)	5,297,254
Equity component of convertible bonds	75,486	-	-	-	-	-	-	-	-	75,486
Reserves	8,597,375	-	8,817	5,781	(2,177)	6,029	1,946	(18,479)	8,350	8,607,642
	13,970,115	7,541	8,817	5,781	(1,877)	14,029	1,946	(18,429)	(7,541)	13,980,382
Other equity instruments	1,660,414	-	-	-	-	-	-	-	-	1,660,414
Non-controlling interests	4,072,484	-	-	-	-	-	-	-	7,541	4,080,025
<b>Total equity</b>	<b>19,703,013</b>	<b>7,541</b>	<b>8,817</b>	<b>5,781</b>	<b>(1,877)</b>	<b>14,029</b>	<b>1,946</b>	<b>(18,429)</b>	<b>-</b>	<b>19,720,821</b>

The reconciliation of the effect, arising from the common control combination on the consolidated statements of profit or loss for the year ended 31 December 2022 are as follows:

For the year ended 31 December 2022

	The Group, as previously reported RMB'000	Beijing Zhongxing Hospital RMB'000	No. 408 Hospital RMB'000	Luoyang Hechai Hospital RMB'000	Luoyang Yikangyuan Elderly Care Co., Ltd. RMB'000	Chongqing Dadukou Changzheng Hospital Co., Ltd. RMB'000	Beijing Guotong Huankang Hospital Management Co., Ltd. RMB'000	Beijing Haidian District Xisanqi Street Xincai Community Healthcare Service Station RMB'000	Adjustments and eliminations RMB'000	Consolidated RMB'000
REVENUE	11,912,140	22,229	16,398	3,522	1,263	18,106	64,003	35,579	(68)	12,073,172
Cost of sales	(7,426,151)	(22,214)	(17,214)	(5,299)	(1,691)	(12,676)	(56,755)	(36,946)	68	(7,578,878)
Gross profit	4,485,989	15	(816)	(1,777)	(428)	5,430	7,248	(1,367)	-	4,494,294
Other income and gains	442,722	72	442	1,252	2	240	117	35	-	444,882
Selling and distribution costs	(441,603)	-	-	-	-	-	-	-	-	(441,603)
Administrative expenses	(899,168)	-	(2,442)	(273)	(90)	(4,321)	(6,077)	(1,426)	-	(913,997)
Impairment losses on financial assets, net	(311,012)	-	2,711	1,105	(1)	(47)	(6)	111	-	(307,139)
Loss on derecognition of financial assets measured at amortised cost	(1,154)	-	-	-	-	-	-	-	-	(1,154)
Other expenses	(549,631)	(70)	(12)	(8)	-	(30)	(53)	(22)	-	(549,826)
Finance costs	(35,319)	-	-	-	-	-	-	(326)	-	(35,645)
Share of profits of:										
A joint venture	13,450	-	-	-	-	-	-	-	-	13,450
Associates	12	-	-	-	-	-	-	-	-	12
PROFIT/(LOSS) BEFORE TAX	2,704,286	17	(117)	299	(517)	1,072	1,229	(2,995)	-	2,703,274
Income tax expense	(616,759)	-	-	-	-	-	(567)	-	-	(617,326)
PROFIT/(LOSS) FOR THE YEAR	<u>2,087,527</u>	<u>17</u>	<u>(117)</u>	<u>299</u>	<u>(517)</u>	<u>1,072</u>	<u>662</u>	<u>(2,995)</u>	<u>-</u>	<u>2,085,948</u>
Attributable to:										
Owners of the parent	1,890,012	17	(117)	299	(517)	1,072	662	(2,995)	(16)	1,888,417
Non-controlling interests	126,112	-	-	-	-	-	-	-	16	126,128
Other equity instruments	71,403	-	-	-	-	-	-	-	-	71,403
	<u>2,087,527</u>	<u>17</u>	<u>(117)</u>	<u>299</u>	<u>(517)</u>	<u>1,072</u>	<u>662</u>	<u>(2,995)</u>	<u>-</u>	<u>2,085,948</u>



**(b) Business combination not under common control**

The acquisition of subsidiaries accounted for as business combination is set out as follows:

On 1 July 2023, Universal Yuegu Medical Technology (Tianjin) Co., Ltd., a wholly-owned subsidiary of the Group, acquired a 60% equity interest in Beth Hesda (Chengdu) Nephrology Hospital Co., Ltd. at a consideration of RMB39,613,000.

On 1 August 2023, Universal Yuegu Medical Technology (Tianjin) Co., Ltd., a wholly-owned subsidiary of the Group, acquired a 100% equity interest in Haiyang Senzhikang Hospital Co., Ltd. at a consideration of RMB7,561,000.

On 30 September 2023, Genertec Universal Medical Technology Services (Tianjin) Co., Ltd., a wholly-owned subsidiary of the Group, acquired an 85% equity interest in Casstar Medical Technology Wuxi Co., Ltd. at a consideration of RMB467,499,000.

The fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the period as at the date of acquisition were as follows:

	<b>Fair value recognised on acquisition RMB'000</b>
<b><u>Assets</u></b>	
Property, plant and equipment ( <i>Note 12</i> )	71,532
Right-of-use assets ( <i>Note 13(a)</i> )	14,856
Deferred tax assets	1,500
Equity investments designated at fair value through other comprehensive income	2,778
Cash and cash equivalents	128,372
Loans and accounts receivables	120,176
Debt investments at fair value through other comprehensive income	338
Prepayments, other receivables and other assets	38,264
Receivable of consideration to be paid as capital injection	39,613
Inventories	92,357
Restricted deposits	5,437
Other intangible assets	6,248
	<hr/>
Total assets	521,471
<b><u>Liabilities</u></b>	
Trade and bills payables	42,758
Other payables and accruals	35,211
Interest-bearing bank loan	15,000
Lease liabilities	14,137
Tax payable	4,222
Deferred tax liabilities	2,753
	<hr/>
Total liabilities	114,081
	<hr/>
Total identifiable net assets at fair value	407,390
Non-controlling interests	(77,002)
Goodwill on acquisition	184,285
	<hr/> <hr/>

Purchase consideration transferred

Including:

Consideration paid as additional capital injection to the subsidiaries after acquisition	4,000
Consideration unpaid as additional capital injection to the subsidiaries after acquisition	35,613
Consideration paid upon acquisition	421,360
Consideration to be paid after acquisition	<u>53,700</u>

Analysis of cash flows on acquisition:

Net cash acquired with the subsidiaries included in cash flows from investing activities	128,372
Cash paid	<u>(421,360)</u>

Net outflow of cash and cash equivalents include in cash flows from investing activities	<u>(292,988)</u>
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Transaction costs of the acquisition included in cash flows from operating activities	<u>(370)</u>
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If the acquisition had taken place at the beginning of the year, the revenue of the Group for the year would have been RMB13,884,781,000 and the net profit of the Group for the year would have been RMB2,224,563,000.

The fair values of the loans and accounts receivables and prepayments, other receivables and other assets as at the dates of acquisitions amounted to RMB120,176,000 and RMB38,284,000, respectively. The gross contractual amount of loans and accounts receivables was RMB125,647,000, of which RMB5,471,000 was expected to be uncollectible. The gross contractual amount of prepayments, other receivables and other assets was RMB38,550,000, of which RMB286,000 was expected to be uncollectible.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining their assets and activities with those of the Group. The goodwill is not deductible for income tax purposes.

The Group incurred transaction costs of RMB370,000 for these acquisitions. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

### 34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB33,357,000 (2022: RMB193,148,000) and RMB33,357,000 (2022: RMB193,148,000), respectively, in respect of lease arrangements for property.

#### (b) Changes in liabilities arising from financing activities

	Bank and other loans <i>RMB'000</i>	Bonds <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Due to related parties <i>RMB'000</i>	Convertible bonds <i>RMB'000</i>
At 1 January 2023	24,280,248	16,565,306	989,927	4,092,920	982,982
Proceeds from new borrowings	26,718,710	16,263,030	1,450,000	2,529,199	-
Increase arising from acquisition of subsidiaries	15,000	-	14,137	-	-
New leases	-	-	33,357	-	-
Foreign exchange movement	61,324	-	-	23,383	16,778
Repayment of borrowings	(24,707,477)	(17,396,500)	(2,166,796)	(2,200,000)	-
Revision of a lease term arising from a change in the non- cancellable period of a lease	-	-	5,390	-	-
Interest expense	47,510	7,028	62,913	237	40,774
Interest paid	-	-	(58,765)	-	(21,015)
	<u>26,415,315</u>	<u>15,438,864</u>	<u>330,163</u>	<u>4,445,739</u>	<u>1,019,519</u>
	Bank and other loans <i>RMB'000</i>	Bonds <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Due to related parties <i>RMB'000</i>	Convertible bonds <i>RMB'000</i>
At 1 January 2022	24,307,281	14,807,554	1,899,907	2,275,140	882,689
Proceeds from new borrowings	16,223,371	14,332,420	-	2,400,000	-
Increase arising from acquisition of subsidiaries	-	-	8,549	-	-
New leases	-	-	193,148	-	-
Foreign exchange movement	1,284,914	-	-	116,545	82,295
Repayment of borrowings	(17,621,902)	(12,583,500)	(1,127,872)	(700,000)	-
Revision of a lease term arising from a change in the non- cancellable period of a lease	-	-	4,623	-	-
Interest expense	86,584	8,832	63,791	1,235	37,979
Interest paid	-	-	(52,219)	-	(19,981)
	<u>24,280,248</u>	<u>16,565,306</u>	<u>989,927</u>	<u>4,092,920</u>	<u>982,982</u>

(c) **Total cash outflow for leases**

The total cash outflow for leases included in the statement of cash flows is as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Within operating activities	<b>35,836</b>	10,926
Within financing activities	<b><u>2,225,561</u></b>	<u>1,180,091</u>
	<b><u>2,261,397</u></b>	<u>1,191,017</u>

**35. OTHER NON-CURRENT LIABILITIES**

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Continuing involvement in transferred assets	<b><u>309,499</u></b>	<u>280,968</u>

**36. SHARE OPTION SCHEME**

Pursuant to a resolution in writing passed on 31 December 2019 by the shareholders of the Company, a share option scheme (the “Share Option Scheme”) has been adopted by the Company.

The Company operates the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants and certain qualified participants who contribute to the success of the Group’s operations. Eligible participants of the Share Option Scheme include senior and middle management personnel, as well as other key employees of the Company or any other subsidiary (the “Grantees”). The total number of new shares in respect of which options may be granted under the Share Option Scheme is 16,065,000 shares, which is 0.94% of the Company’s issued share capital as at the date of approval of the Share Option Scheme by the shareholders at the General Meeting. The Share Option Scheme will be valid for not more than 5 years from the date of its adoption.

The offer of a grant of share options (“Share Options”) may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HKD1 in total by the Grantees subject to any early termination, the Share Option Scheme will remain in force for a period of 5 years commencing on the date on which the Share Option Scheme is approved by the shareholders of the Company. The vesting of the Share Options is mainly subject to fulfilment of the Company’s performance targets, the Grantees remaining at all times after the offer date and on each vesting date as an employee of the Group, as well as the Grantees achieving a specified level in annual personal performance evaluations.

The exercise price in respect of any option shall be such price as determined by the Board or the Administration Committee of the Share Option Scheme and notified to the Grantees and which shall not be less than the highest of: (i) the closing price of the shares on the Stock Exchange as stated in the Stock Exchange’s daily quotation sheet on the offer date; (ii) the average of the closing prices of the shares on the Stock Exchange as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the offer date; and (iii) the nominal value of the shares as at the offer date. The exercise price of the Share Options is subject to adjustment in the case of rights or other similar changes in the Company’s share capital.

On 31 December 2019, the Board announced that, the Company has resolved the offer to grant Share Options to the Grantees under the Share Option Scheme to subscribe for a total of 16,065,000 ordinary shares in the capital of the Company, including 991,000 reserved options. On 31 December 2021, the reserved options were expired.

On 31 December 2023, one third of the options granted were expired due to the expiry of exercise period, and one third of the options granted were cancelled due to the unfulfilled certain conditions pursuant to the Share Option Scheme.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Share Option Scheme as an equity-settled plan.

Movements in the number of the Share Options outstanding and their related weighted average exercise prices granted under the Share Option Scheme during the year are as follows:

Exercise price per share option (HKD)	Date of grant	Outstanding	Granted during the year	Expired during the year	Forfeited during the year	Outstanding
		as at 1 January 2023				as at 31 December 2023
5.97	2019/12/31	8,136,004	–	(3,576,330)	(4,559,674)	–

The fair value (measured as at the grant dates) of the Share Options that were outstanding as at 31 December 2023 was nil (2022: RMB9,117,000). The weighted average fair values were HKD1.12, HKD1.22 and HKD1.28 per option for each of the three tranches with two-year, three-year and four-year vesting periods, respectively. The share option expense recognised was RMB1,059,000 (2022: RMB442,000) during the year ended 31 December 2023 in employee benefit expense.

The fair values of the Share Options were estimated as at their respective dates of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the main inputs to the model used:

Expected dividend yield (%)	4.61
Expected volatility (%)	30.62
Risk-free interest rate (%)	1.70
Validity period of the Share Options (year)	5
Share price (HKD per share)	5.97
Expected exercise trigger multiple	2

Estimation of the value of the Share Options is subjective and uncertain as such values are subject to a number of assumptions and with regard to the limitation of the model. The expected volatility is based on the historical volatility reflecting the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The expected exercise trigger multiple is also estimated and is not necessarily indicative of the exercise patterns that may occur.

All significant features necessary to be considered for the measurement of fair values of the Share Options granted in the year were incorporated into such measurement.

At 31 December 2023, the Company had no (31 December 2022: 8,136,004) non-vested Share Options (including nil (31 December 2022: 1,762,666) non-vested Share Options granted to certain executive directors, nil (31 December 2022: 2,546,000) non-vested Share Options granted to certain employees among the five highest paid employees and nil (31 December 2022: 3,064,000) non-vested Share Options granted to certain key management personnel) outstanding under the Share Option Scheme.

At the date of approval of these financial statements, the Company had no (2022: 8,136,004) Share Options outstanding under the Share Option Scheme.

### **37. OTHER EQUITY INSTRUMENTS**

China Universal Leasing Co., Ltd. (“China Universal Leasing”), a wholly-owned subsidiary of the Group, issued the first tranche of the bonds (the “2021 T1 Bonds”) of the renewable corporate bond with a total principal amount of RMB500,000,000, with a basic term of two years from 28 June 2021. The 2021 T1 Bonds are with an initial distribution rate of 5.1% per annum. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the 2021 T1 Bonds. The 2021 T1 Bonds have been fully redeemed on 29 June 2023.

China Universal Leasing issued the second tranche of the bonds (the “2021 T2 Bonds”) of the renewable corporate bond with a total principal amount of RMB670,000,000, with a basic term of two years from 25 October 2021. The 2021 T2 Bonds are with an initial distribution rate of 4.83% per annum. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the 2021 T2 Bonds. The 2021 T2 Bonds have been fully redeemed on 25 October 2023.

China Universal Leasing issued the first tranche of the bonds (the “2022 T1 Bonds”) of the renewable corporate bond with a total principal amount of RMB480,000,000, with a basic term of one year from 22 December 2022. The 2022 T1 Bonds are with an initial distribution rate of 5.00% per annum. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the 2022 T1 Bonds. The 2022 T1 Bonds have been fully redeemed on 22 December 2023.

China Universal Leasing issued the first tranche of the bonds (the “2023 T1 Bonds”) of the renewable corporate bond with a total principal amount of RMB300,000,000, with a basic term of two years from 27 March 2023. The 2023 T1 Bonds are with an initial distribution rate of 4.80% per annum. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the 2023 T1 Bonds.

China Universal Leasing issued the second tranche of the bonds (the “2023 T2 Bonds”) of the renewable corporate bond with a total principal amount of RMB600,000,000, with a basic term of two years from 29 June 2023. The 2023 T2 Bonds are with an initial distribution rate of 4.30% per annum. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the 2023 T2 Bonds.

China Universal Leasing issued the third tranche of the bonds (the “2023 T3 Bonds”) of the renewable corporate bond with a total principal amount of RMB500,000,000, with a basic term of one year from 7 September 2023. The 2023 T3 Bonds are with an initial distribution rate of 3.38% per annum. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the 2023 T3 Bonds.

China Universal Leasing issued the first tranche of the notes (the “2023 T1 Notes”) of the perpetual medium-term notes with a total principal amount of RMB250,000,000, with a basic term of two years from 27 December 2023. The 2023 T1 Notes are with an initial distribution rate of 3.75% per annum. The issue price is RMB100 per note, which is equal to 100% of the principal value of the 2023 T1 Notes.

China Universal Leasing is entitled, at the end of the agreed basic term and each extended period, to an option to extend the term of the bonds. Distributions of the renewable bonds may be paid annually and may be deferred at the discretion of China Universal Leasing unless a compulsory distribution payment event (including distributions to the shareholders of China Universal Leasing) has occurred. Following a deferral, arrears of distributions are cumulative. As the Group has no contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, the Group classified the renewable corporate bonds issued as equity instruments.

For the year ended 31 December 2023, the profits attributable to holders of the renewable corporate bonds based on the applicable distribution rates were RMB89,419,000 (For the year ended 31 December 2022: RMB71,403,000) and the distribution made by the Group to the holders of the renewable corporate bonds was RMB78,611,000 (For the year ended 31 December 2022: RMB72,829,000).

### **38. TRANSFERS OF FINANCIAL ASSETS AND INTERESTS IN THE UNCONSOLIDATED STRUCTURED ENTITIES**

The Group enters into securitisation transactions in the normal course of business whereby it transfers loans and accounts receivables to special purpose entities. These special purpose entities are structured entities established with the narrow and well-defined objectives to provide investors opportunities to invest in those loans and accounts receivables and they generally finance the purchase of the loans and accounts receivables by issuing asset-backed securities to investors. The Group assessed and determined that those structured entities need not be consolidated as the Group has no control over them.

The Group may hold some subordinated tranches of those asset-backed securities and accordingly may retain portions of the risks and rewards of the transferred loans and accounts receivables. The Group would determine whether or not to derecognise the transferred loans and accounts receivables mainly by evaluating the extent to which it retains the risks and rewards of the transferred assets.

During the year ended 31 December 2023, the Group transferred an aggregate carrying amount of RMB5,456,000,000 (2022: RMB6,801,000,000) of loans and accounts receivables to the unconsolidated structured entity, which qualified for full derecognition. Hence, the Group derecognised those assets.

The Group also transferred loans and accounts receivables to other unconsolidated structured entity, where the Group held some subordinated tranches and hence retained continuing involvement in the transferred assets (i.e. loans and accounts receivables amounting to RMB2,169,000,000 as at 31 December 2021). As a result, as at 31 December 2023, the balance of subordinated tranches of asset-backed securities held by the Group amounted to RMB201,049,000 (2022: RMB172,518,000). The Group provided liquidity support amounting to RMB108,450,000 (2022: RMB108,450,000) to the unconsolidated structured entity. In addition, the balances of continuing involvement in transferred assets and associated liabilities both amounted to RMB309,499,000 (2022: RMB280,968,000), which approximate the maximum exposure to losses from its involvement in such securitisation arrangement and the unconsolidated structured entity.

During the year ended 31 December 2023, as a result of the securitisation transactions, the Group recognised losses of RMB1,624,000 (2022: RMB1,154,000) from transfers of loans and accounts receivables.

### **39. EVENTS AFTER THE REPORTING PERIOD**

On 25 March 2021, Genertec Universal Medical Development (BVI) Co., Ltd. (the “Issuer”), a wholly-owned subsidiary of the Company, issued the guaranteed convertible bonds in an aggregate principal amount of USD150,000,000 due 2026. Pursuant to the terms and conditions of the convertible bonds, each bondholder has the right to require the Company to redeem all or part of such bondholder’s convertible bonds on the put option date (i.e., 25 March 2024 or 25 March 2025) at 100% of their principal amount (together with interest accrued but unpaid up to the put option date).

On 22 February 2024, the Issuer received the put option exercise notice from CCP Leasing II Limited in respect of USD60,000,000 in an aggregate principal amount of the convertible bonds (“Put Bonds”), together with the relevant interest accrued but unpaid up. Accordingly, the Issuer is required to redeem the Put Bonds on 25 March 2024.



## PERFORMANCE OVERVIEW

	For the year ended 31 December				
	2023 RMB'000	2022* <sup>4</sup> RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
<b>Operating Results</b>					
<b>Income</b>	<b>13,650,203</b>	12,073,172	9,914,273	8,521,238	6,815,587
Healthcare business income <sup>*1/2</sup>	<b>7,832,842</b>	6,372,252	4,608,377	3,623,001	2,046,942
Finance business income <sup>*1/2</sup>	<b>5,882,032</b>	5,721,203	5,307,546	4,899,669	4,768,645
<b>Cost of sales</b>	<b>(9,078,344)</b>	(7,578,878)	(5,714,834)	(4,967,263)	(3,636,505)
Cost of healthcare business <sup>*2</sup>	<b>(6,763,527)</b>	(5,581,491)	(4,022,583)	(3,243,661)	(1,757,074)
Cost of finance business <sup>*2</sup>	<b>(2,576,827)</b>	(2,212,900)	(1,829,066)	(1,840,231)	(1,926,405)
<b>Profit before tax</b>	<b>2,866,213</b>	2,703,274	2,691,808	2,365,014	2,211,859
<b>Profit for the year</b>	<b>2,199,072</b>	2,085,948	2,030,469	1,813,910	1,634,392
Profit for the year attributable to owners of the parent	<b>2,020,918</b>	1,888,417	1,835,233	1,647,537	1,488,736
<b>Basic earnings per share (RMB)</b>	<b>1.07</b>	1.00	0.99	0.96	0.87
<b>Diluted earnings per share (RMB)<sup>*3</sup></b>	<b>0.99</b>	0.93	0.91	0.96	0.87
<b>Profitability Indicators</b>					
Return on total assets <sup>(1)</sup>	<b>2.80%</b>	2.84%	3.09%	3.04%	3.11%
Return on equity <sup>(2)</sup>	<b>13.63%</b>	13.95%	15.37%	16.26%	16.65%
Net interest margin <sup>(3)</sup>	<b>3.16%</b>	3.67%	4.40%	4.27%	3.79%
Net interest spread <sup>(4)</sup>	<b>2.64%</b>	3.24%	3.91%	3.72%	3.28%

\*1 After taxes and surcharges

\*2 Before inter-segment offset

\*3 The potential dilutive shares of the Company include the shares to be issued under the share option scheme and the shares convertible from the convertible bonds

\*4 The Company adjusted the relevant financial statements for the year of 2022 retrospectively due to the business combinations under common control

(1) Return on total assets = profit for the year/average balance of assets at the beginning and end of the year;

(2) Return on equity = profit for the year attributable to owners of the parent/average balance of equity attributable to owners of the parent at the beginning and end of the year;

(3) Net interest margin = net interest income/average balance of interest-earning assets;

(4) Net interest spread = average yield of interest-earning assets – average cost rate of interest-bearing liabilities. Average balance of interest-earning assets is calculated based on the average balance of net lease receivables and factoring receivables before provision as at each month end within the reporting period; average balance of interest-bearing liabilities is calculated based on the average balance of bank and other borrowings and lease deposits as at each month end within the reporting period.

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2019 RMB'000
<b>Assets and Liabilities</b>					
Total assets	<b>80,344,744</b>	76,980,328	69,899,801	61,511,013	57,852,542
Net interest-earning assets	<b>67,348,585</b>	65,233,831	61,127,607	54,650,222	49,785,639
Total liabilities	<b>59,976,786</b>	57,259,507	52,276,546	46,545,678	44,405,334
Interest-bearing bank and other borrowings	<b>47,649,600</b>	46,911,383	44,172,571	39,981,341	38,002,843
Total equity	<b>20,367,958</b>	19,720,821	17,623,255	14,965,335	13,447,208
Equity attributable to owners of the parent	<b>15,677,741</b>	13,980,382	13,103,989	10,770,514	9,489,304
Net assets per share (RMB)	<b><u>8.29</u></b>	<u>7.39</u>	<u>7.05</u>	<u>6.28</u>	<u>5.53</u>
<b>Financial Indicators</b>					
Debt ratio <sup>(1)</sup>	<b>74.65%</b>	74.38%	74.79%	75.67%	76.76%
Gearing ratio <sup>(2)</sup>	<b>2.34</b>	2.38	2.51	2.67	2.83
Current ratio <sup>(3)</sup>	<b><u>1.02</u></b>	<u>1.06</u>	<u>1.33</u>	<u>0.94</u>	<u>1.10</u>
<b>Asset Quality</b>					
Non-performing assets ratio <sup>(4)</sup>	<b>0.98%</b>	0.99%	0.98%	1.00%	0.90%
Provision coverage ratio <sup>(5)</sup>	<b>284.55%</b>	263.11%	238.29%	205.52%	198.46%
Write-off of non-performing assets ratio <sup>(6)</sup>	<b>0.00%</b>	7.00%	0.00%	9.34%	0.00%
Ratio of overdue interest-earning assets (over 30 days) <sup>(7)</sup>	<b><u>0.89%</u></b>	<u>0.86%</u>	<u>0.76%</u>	<u>0.94%</u>	<u>0.84%</u>

<sup>(1)</sup> Debt ratio = total liabilities/total assets;

<sup>(2)</sup> Gearing ratio = interest-bearing bank and other borrowings/total equity;

<sup>(3)</sup> Current ratio = current assets/current liabilities;

<sup>(4)</sup> Non-performing assets ratio = non-performing assets/net interest-earning assets;

<sup>(5)</sup> Provision coverage ratio = provision for interest-earning assets/non-performing assets;

<sup>(6)</sup> Write-off of non-performing assets ratio = written-off assets/non-performing assets at the end of the previous year;

<sup>(7)</sup> Ratio of overdue interest-earning assets (over 30 days) is calculated based on net interest-earning assets which are more than 30 days overdue divided by net interest-earning assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Business Review

Universal Medical is a listed company controlled by a central enterprise and focusing on healthcare industry. As of 31 December 2023, Universal Medical (i) operated 67 medical institutions, and provided the public with quality medical services; (ii) provided various services such as life cycle management of equipment, specialized medical care and medical digitization; and (iii) offered comprehensive financial solutions centered on finance leasing.

In 2023, the Group continued to expand its footprint in the healthcare sector. The Group stepped forward with keen determination to surmount tough difficulties, spared no efforts to push forward the high-quality development of its businesses, and continued to give back to the society and the Shareholders with steady growth in operating results. The Group recorded a revenue of RMB13,650.2 million in total for the year, up by 13.1% as compared to the corresponding period of the previous year. In particular, the healthcare business recorded a revenue of RMB7,832.8 million, up by 22.9% as compared to the corresponding period of the previous year with the proportion as to the total revenue increasing to 57.4%; the Group recorded a profit for the year of RMB2,199.1 million, up by 5.4% as compared to the corresponding period of the previous year, of which, the healthcare business contributed RMB454.2 million, up by 20.6% as compared to the corresponding period of the previous year; the Group recorded a profit attributable to owners of the parent of RMB2,020.9 million, up by 7.0% as compared to the corresponding period of the previous year, of which, the healthcare business contributed RMB365.4 million, up by 45.8% as compared to the corresponding period of the previous year; and the Group recorded a return on total assets (ROA) of 2.80% and a return on equity attributable to ordinary shareholders (ROE) of 13.63%. The indicators of income and the assets conditions have demonstrated steady and excellent performance. The Group proposed a payment of dividend of HK\$0.35 per Share for the year 2023, with the payout ratio of 30%.

#### *1.1 Integrated Healthcare Business Maintained Positive Development Momentum*

Medical institutions are not only our core resources to build a healthcare conglomerate, but also the R&D and training center of the Group's discipline operation, as well as the project cultivation and commercialisation pool and the sharing center for basic resources and practice of the industrial units. Giving full play to the advantages of central state-owned enterprises in running medical care and group development, the Group enhanced the cultivation of core capabilities of medical institutions, and spared no efforts in improving the service capability and operation efficiency of the hospital group, so as to facilitate positive and continuous development of the medical institutions, and develop itself into a central state-owned medical group that embodies "comfortable environment, top-notch services, advanced technology and efficient operation".

*In terms of financial performance:*

The results contributions of the consolidated medical institutions were included in “Integrated healthcare business” segment under the “Healthcare business” segment in the Group’s financial report. As of 31 December 2023, the Group had a total of 14,353 consolidated beds (excluding the over 4,000 beds to be built in our internal planning). In 2023, the integrated healthcare business segment maintained positive development momentum by continuously strengthening internal strength and improving efficiency. It contributed to the Group a revenue of RMB7,634.5 million for the year, up by 20.5% as compared to the corresponding period of the previous year; recorded a profit for the year of RMB420.9 million in total, up by 14.7% as compared to the corresponding period of the previous year; and consolidated net profit margin of the medical institutions was 5.10%<sup>1</sup>, up by 0.16 percentage point as compared to the corresponding period of the previous year.

*In terms of operation performance:*

- Revenue from medical business recorded accelerated growth with continuous increase in income per bed

Revenue from medical business contributed by the consolidated medical institutions for the year 2023 amounted to RMB7,232.9 million, representing an increase of 10.0% as compared to the corresponding period of the previous year, 2.4 percentage points higher than the growth rate recorded in 2022. Due to the scale expansion in the number of beds, especially the increase in the number of beds of Grade III Class A hospitals, average income per bed increased to RMB510,000<sup>2</sup> in 2023 from RMB460,000 in 2022, representing an increase of 10.1% as compared to the corresponding period of the previous year. Average income per bed of Grade III Class A hospitals increased to RMB700,000<sup>2</sup> in 2023 from RMB660,000 in 2022, representing an increase of 6.1% as compared to the corresponding period of the previous year.

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<sup>1</sup> Without taking into account impact of special factors.

<sup>2</sup> Without taking into account the impact of beds operated by the newly opened Fengdong Branch of XD Hospital (西電醫院(豐東院區)).

- The Group recorded substantial increase in patient visits with enhanced admission and treatment capabilities and significant improvement in operation efficiency

In 2023, amidst the improvement in external environment for the development of healthcare business, we made great efforts to improve our treatment technologies and optimise patient visit procedures, achieving certain results in group operation, management and control. The Group recorded a substantial increase of 21.0% to 9.35 million patient visits of the medical institutions at different levels for the year as compared to that of 2022 (without taking into account the visits for nucleic acid test in 2022). With enhanced admission and treatment capabilities and an increase in the outpatient-to-inpatient conversion rate, the hospitals recorded an increase of 22.6% to 0.44 million inpatient visits based on discharge as compared to 2022. The number of surgeries recorded a year-on-year increase of 14.0% to 85,900 as compared to 2022. With further improvement in operation efficiency and service quality as well as patient treatment experience, the average length of stay per inpatient visit decreased to 10.1 days in 2023 from 10.6 days in 2022. Meanwhile, driven by the significant increase in inpatient visits based on discharge, the bed utilisation rate increased by 10 percentage points over 2022 to 90%<sup>1</sup>, significantly improving the resource utilisation efficiency.

- We actively responded to China's requirements for high-quality development of public hospitals with further optimisation of cost structure

In the context of the expansion in centralised procurement of medical consumables and deepening reform on medical insurance payment methods, we maintained sustainable growth in revenue driven by rapid growth in business volume, and at the same time placed a focus on the optimisation of cost structure. Through measures such as enhancement of treatment capabilities, pursuit for optimisation and excellence, and proper utilisation of medical consumables and medicine, the proportion of effective medical revenue (有效醫療收入佔比)<sup>2</sup> increased from 56.9% in 2022 to 58.5% in 2023, and the ratio of healthcare business costs as to the revenue decreased by 0.6 percentage point from that of 2022 due to our control on the costs and expenditures of each business, effectively supporting profits increase of the healthcare sector.

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<sup>1</sup> Without taking into account the impact of beds operated by the newly opened Fengdong Branch of XD Hospital (西電醫院(灃東院區)).

<sup>2</sup> The proportion of effective medical revenue as to medical revenue is calculated as below: effective medical revenue/medical revenue\*100%. Effective medical revenue includes appointment income, bed income, diagnosis income, surgery income, pharmaceutical service income, care income, examination income and laboratory income. Medical revenue represents revenue from provision of medical service activities by the hospitals, including outpatient revenue and inpatient revenue.

## *1.2 The Group Accelerated the Deployment of Specialties and Healthcare Industry Layout*

With the business foundation and professional core talent team of our own hospital group, we strived to build replicable capabilities of specialties and industry operation while serving internal quality and efficiency enhancement, so as to create new growth drivers for the Company. As of 31 December 2023, the result contribution of this business segment mainly comes from providing hospital clients with life cycle management of medical equipment, discipline operation and Internet-based healthcare services. In 2023, the Group accelerated business development and completion of mergers and acquisitions through the parallel implementation of endogenous development and extensional mergers and acquisitions for this segment, and recorded consolidated revenue of RMB243.7 million in aggregate for the year, representing an increase of 190.7% as compared to the corresponding period of the previous year; and recorded profit for the year of RMB31.9 million in aggregate, representing an increase of 271.8% as compared to the corresponding period of the previous year.

*We further strengthen and improve specialised medical services layout*

- **Nephrology:** focusing on the core positioning of the full-course medical service for kidney diseases, the Group strives to provide core professional services including chronic disease management, the combination of Traditional Chinese Medicine (TCM) and western medicine, quality control for hemodialysis and vascular access management through implementation of standardized nephrology medical centres driven by digital operation capabilities for specialised discipline, together with the coordinated regional 1+N layout of nephrology specialist hospitals and chain hemodialysis centers, with an aim to meeting the medical needs of patients with kidney disease. In 2023, the Group established a wholly-owned business entity Universal Yuegu (環球悅谷) as the platform to provide nephrology medical services, and empowered the implementation of full-course management approach for kidney diseases in the 21 hospitals operated by the Group, recording a revenue of RMB269.5 million from the integrated healthcare business segment, which represented an increase of 18.9% as compared to the previous year. On the other hand, the Group has completed the acquisitions of Beth Hesda (Chengdu) Nephrology Hospital (畢士大(成都)腎病專科醫院) and the hemodialysis centre of Haiyang Senzhikang Hospital (海陽森之康醫院) and continued to facilitate the acquisition programme of other specialist hospitals and hemodialysis centres.

- **Oncology:** in 2023, the Group cooperated with Mevion Medical Group (邁勝醫療集團), a leading international small-scale proton therapy equipment enterprise, to jointly establish Universal Mevion (環球邁勝), a tumor precision medical service company, as the sole platform to provide oncology radiotherapy services by both parties in the PRC, with an aim to accelerating the establishment of leading accurate oncology diagnosis and treatment business system and intelligent accurate oncology diagnosis and treatment platform in the PRC. The Group, internally, promoted the refined operation of oncology specialties, recording a revenue of RMB158.8 million from the integrated healthcare business segment, representing an increase of 14.8% as compared to the corresponding period of the previous year, while, externally, expanded the chain business scale through investment/construction and facilitated the standardised, collaborative and efficient development of oncology specialties.

#### *Equipment life cycle management business achieved leaping development*

Equipment life cycle management business covers maintenance services, medical equipment digital operation and management, economic performance analysis, planning and procurement consultancy, finance leasing, asset management, clinical support and other services, which lays a solid foundation for the high-quality development, quality improvement and efficiency enhancement as well as cost reduction and efficiency enhancement of the hospitals. Currently, the equipment life cycle management market in the PRC has reached nearly RMB100 billion, and its average growth rate is projected to be at least 10% in the coming ten years, of which third party service companies accounted for approximately 30%. Given the highly fragmented market player base with different service capabilities and service quality, the industry presents great opportunities for consolidation and integration, and quality service providers are needed to lead healthy development of the industry. While serving its internal and external hospital clients, the Group has successfully completed the acquisition of Casstar Medical Technology Wuxi Co., Ltd. (凱思軒達醫療科技無錫有限公司) (“Casstar”) and Shandong Tuozhuang Medical Technology Co., Ltd. (山東拓莊醫療科技有限公司) and carried out in-depth integration focusing on strategy, market, technology, management, talents, culture and other aspects to foster core capability of “efficient operation + sophisticated technology”, with an aim to accelerating the cultivation of leading industry brand of central state-owned enterprises. This business segment has so far served 720 customers across the country with the assets under management of nearly RMB20 billion in aggregate. This segment contributed to the Group a revenue of RMB242.7 million in 2023, up by 241% as compared to the corresponding period of the previous year, and recorded a profit for the year of RMB35.3 million, up by 208% as compared to the corresponding period of the previous year.

Genertec Universal Medical Technology Services (Tianjin) Co., Ltd. (通用環球醫療技術服務(天津)有限公司) and its operating subsidiaries are recognised as “national high-tech service enterprises”, and have formed cooperation relationship with over ten domestic and overseas well-known equipment manufacturers and will join hands with China Association of Medical Equipment (中國醫學裝備協會) to commence the formation of industry standards. Through the enhancement of core capabilities and integration of external advantageous resources, the Group is well positioned to become the leader of the sub-segment and play a pivotal role in delivering the advantages of central state-owned enterprises in terms of technology innovations and industry control.

*The Group accelerated the digital transformation of the healthcare sector*

The Group made great efforts to enhance its product capability and comprehensive digital medical solution capability, and honed the three major systems namely intelligent healthcare, smart management and smart service to provide integrated information system, data middle-end platform/centre and Internet-based healthcare service platform and other products and services for internal and external medical institutions, so as to promote data collection and sharing within the hospital group and offer support for group operation and management. Meanwhile, in a proactive effort to address the issue of ageing population and serve the silver economy, and leveraging on the over 60 medical institutions with a capacity of 16,000 beds operated by it, the Group continued to build an intelligent health and elderly care operation and management system integrating healthcare – elderly care – family through standardised construction and digital means. At the beginning of 2024, the Group completed the acquisition of ShanDong JB Soft & Info Technology Co., Ltd. (山東青島軟通信息技術股份有限公司), a leading enterprise in the intelligent elderly healthcare industry in the PRC. Both parties will actively explore the development mode of the combination of health and elderly care by deeply integrating digital technology with medical rehabilitation, disease prevention and elderly healthcare, and build an intelligent health and elderly care service system integrating home – community – institution, with an aim to cultivating a leading dwelling-based intelligent health and elderly care brand in the PRC while empowering the high-quality development of its hospital business, which is expected to develop into an independent business pipeline to create greater value for the Company.



### ***1.3 Finance Business Recorded Steady Growth***

The Group's finance business mainly focuses on finance leasing business, and centered on further exploration and development based on the development prospect, profitability, revenue/risk profile, cashflow stability of the industry and other criteria. As the continuous profit contributor of the Group, the finance business will always strive to maintain healthy and steady development while ensuring asset security, serving as the cornerstone for the Group's sustainable development.

2023 marked another competitive and challenging year for the finance leasing industry. By adhering to the functional position of serving the real economy and supporting the development of its principal business, the Group devoted greater efforts to develop high-quality customers, and continued to improve its financing management, achieving steady growth in operating performance despite the negative impact of increasing offshore financing costs as a result of interest rate hikes by the United States Federal Reserve. Revenue from finance business for the year amounted to RMB5,882.0 million in aggregate, representing an increase of 2.8% as compared to the corresponding period of the previous year. Profit for the year amounted to RMB1,744.8 million, representing an increase of 2.1% as compared to the corresponding period of the previous year. We continued to strengthen asset management while maintaining steady operation, so as to keep good asset quality. As of 31 December 2023, our net interest-earning assets reached RMB67,348.6 million, representing an increase of 3.2% as compared to that at the beginning of the year; the non-performing asset ratio was 0.98%; the overdue ratio (30 days) was 0.89%, and the provision coverage ratio was 284.55%.

Although the current domestic and international macro economic environment remains surrounded with many uncertainties, the overall performance of finance business of the Group exhibited strong stability in the previous year, with its key operation indicators such as profitability, asset quality and financing costs remaining at a leading position in the industry. Meanwhile, we'll make full use of the finance business to empower the development of the healthcare industry, and proactively promote coordinated development as well as transformation and innovation of its businesses, so as to lay a solid foundation for the high-quality development of the Company.

## 1.4 Prospect for 2024

2024 will mark a crucial year for the Group to enhance its ability to create enterprise value as well as to strengthen and optimise the medical and healthcare conglomerate. By grasping every favourable opportunity and capitalising on all favourable conditions, the Group strives to develop into a medical and healthcare conglomerate with financial service capabilities, featured specialty services and differentiated industrial business advantages, and gradually unleashes the value of its various business segments and assets, laying a solid foundation for the achievement of serving a “Healthy China” and the corporate vision of “To Be A Trusted World-class Healthcare Enterprise”, with an aim to creating greater returns for all Shareholders.

Appendix:

### 1. The geographical location of medical institutions managed by the Group as of 31 December 2023

Province	Grade III hospitals	Grade II hospitals	Others (note)	Total
Shaanxi	1	8	9	18
Shanxi	1	4	4	9
Sichuan	1	5	1	7
Anhui	1	2	5	8
Liaoning	1	1	1	3
Hebei	–	5	3	8
Henan	–	1	2	3
Shandong	–	1	1	2
Hunan	–	1	–	1
Jiangsu	–	1	–	1
Shanghai	–	1	–	1
Beijing	–	–	4	4
Zhejiang	–	–	1	1
Chongqing	–	–	1	1
Total	<u>5</u>	<u>30</u>	<u>32</u>	<u>67</u>

## 2. The operating performance of the consolidated medical institutions during 2021 to 2023

2023

Category	Visits in 2023				Medical business income in 2023 (RMB ten thousand)				Average index		
	Capacity	Outpatient and emergency visits	Inpatient	Visits for medical examination	Outpatient and emergency income	Inpatient income	Medical examination income	Total medical business income (including financial subsidy income)	Income per bed (RMB ten thousand)	Outpatient fee per visit (RMB)	Inpatient fee per visit (RMB)
		visits			income						
Grade III	4,120	2,770,845	158,146	222,375	88,958	170,026	12,794	272,097	66*	321	10,751
Grade II	8,617	4,291,034	263,577	677,570	131,487	231,960	18,340	383,311	44	306	8,800
Others (note)	1,616	1,254,131	20,153	137,018	49,380	11,243	2,081	67,885	42	394	5,579
<b>Total</b>	<b>14,353</b>	<b>8,316,010</b>	<b>441,876</b>	<b>1,036,963</b>	<b>269,825</b>	<b>413,229</b>	<b>33,215</b>	<b>723,292</b>	<b>50*</b>	<b>324</b>	<b>9,352</b>

2022

Category	Visits in 2022				Medical business income in 2022 (RMB ten thousand)				Average index		
	Capacity	Outpatient and emergency visits**	Inpatient	Visits for medical examination	Outpatient and emergency income	Inpatient income	Medical examination income	Total medical business income (including financial subsidy income)	Income per bed (RMB ten thousand)	Outpatient fee per visit (RMB)	Inpatient fee per visit (RMB)
		visits**			income						
Grade III	3,716	2,276,798	126,911	160,166	87,795	143,994	9,272	243,914	66	194	11,346
Grade II	8,696	3,585,869	216,276	624,519	138,142	196,589	18,627	354,469	41	248	9,090
Others (note)	1,804	1,002,935	17,249	81,465	41,631	9,854	1,697	59,386	33	415	5,713
<b>Total</b>	<b>14,216</b>	<b>6,865,602</b>	<b>360,436</b>	<b>866,150</b>	<b>267,567</b>	<b>350,437</b>	<b>29,596</b>	<b>657,768</b>	<b>46</b>	<b>241</b>	<b>9,723</b>

2021

Category	Visits in 2021				Medical business income in 2021 (RMB ten thousand)				Average index		
	Capacity	Outpatient and emergency visits	Inpatient	Visits for medical examination	Outpatient and emergency income	Inpatient income	Medical examination income	Total medical business income (including financial subsidy income)	Income per bed (RMB ten thousand)	Outpatient fee per visit (RMB)	Inpatient fee per visit (RMB)
Grade III	3,859	2,844,746	124,370	213,133	82,160	148,347	7,653	238,584	62	289	11,928
Grade II	8,747	3,929,445	214,472	743,637	111,578	192,889	14,331	321,716	37	284	8,994
Others (note)	1,848	984,039	17,352	158,078	35,528	9,798	2,610	51,146	28	361	5,647
Total	<u>14,454</u>	<u>7,758,230</u>	<u>356,194</u>	<u>1,114,848</u>	<u>229,267</u>	<u>351,034</u>	<u>24,594</u>	<u>611,446</u>	<u>42</u>	<u>296</u>	<u>9,855</u>

Note: Including Grade I hospitals, community service centers and other non-rated medical institutions

\* Without taking into account the impact of beds operated by the newly opened XD Hospital (西電醫院), the income per bed of Grade III hospitals amounted to RMB700,000, and the overall income per bed amounted to RMB510,000

\*\* Outpatient and emergency visits for 2022 has been calculated without taking into account the impact of nucleic acid visits

## 2. Analysis of Statement of Profit or Loss

### 2.1 Overview

In 2023, as the domestic economy rebounded, the Group adhered to its established business strategies and made steady progress by seizing development opportunities and overcoming all kinds of challenges. The Group continued to move forward in the field of medical and healthcare, and achieved steady growth in our overall operating results. The Group recorded a revenue of RMB13,650.2 million in total, representing an increase of 13.1% as compared to the corresponding period of the previous year. Profit before tax was RMB2,866.2 million, representing an increase of 6.0% as compared to the corresponding period of the previous year. Profit for the year attributable to owners of the parent was RMB2,020.9 million, representing an increase of 7.0% as compared to the corresponding period of the previous year.

The following table sets forth the Group's statement of profit or loss for the indicated years:

	<b>For the year ended</b>		<b>Change %</b>
	<b>31 December</b>		
	<b>2023</b>	2022*	
	<b>RMB'000</b>	<b>RMB'000</b>	
<b>Income</b>	<b>13,650,203</b>	12,073,172	13.1%
Cost of sales	<b>(9,078,344)</b>	(7,578,878)	19.8%
<b>Gross profit</b>	<b>4,571,859</b>	4,494,294	1.7%
Other income and gains	<b>620,371</b>	444,882	39.4%
Selling and distribution costs	<b>(397,168)</b>	(441,603)	-10.1%
Administrative expenses	<b>(1,168,436)</b>	(913,997)	27.8%
Impairment of financial assets	<b>(192,099)</b>	(307,139)	-37.5%
Loss on derecognition of financial assets measured at amortised cost	<b>(1,624)</b>	(1,154)	40.7%
Financial costs	<b>(39,054)</b>	(35,645)	9.6%
Other expenses	<b>(534,016)</b>	(549,826)	-2.9%
Share of (loss)/profit of associates	<b>(7,069)</b>	12	-59008.3%
Share of profit of a joint venture	<b>13,449</b>	13,450	0.0%
<b>Profit before tax</b>	<b>2,866,213</b>	2,703,274	6.0%
Income tax expense	<b>(667,141)</b>	(617,326)	8.1%
<b>Profit for the year</b>	<b>2,199,072</b>	2,085,948	5.4%
<b>Profit for the year attributable to owners of the parent</b>	<b>2,020,918</b>	1,888,417	7.0%
Basic earnings per Share (RMB)	<b>1.07</b>	1.00	7.0%
Diluted earnings per Share (RMB)	<b>0.99</b>	0.93	6.5%

\* The Company adjusted the relevant financial statements for the year of 2022 retrospectively due to the business combinations under common control

## 2.2 Analysis of Business Revenue

In 2023, the Group recorded revenue of RMB13,650.2 million, among which the healthcare business recorded revenue of RMB7,832.8 million, representing an increase of 22.9% as compared to the corresponding period of the previous year, with its proportion to the total revenue increasing to 57.4%, and the finance business recorded revenue of RMB5,882.0 million, representing an increase of 2.8% as compared to the corresponding period of the previous year and accounting for 43.1% of the total revenue. The Group recorded gross profit from operations of RMB4,571.9 million, among which the healthcare business recorded gross profit of RMB1,069.3 million, representing an increase of 35.2% as compared to the corresponding period of the previous year and a rise of 5.8 percentage points in proportion from the corresponding period of the previous year, while the finance business recorded gross profit from operations of RMB3,305.2 million, representing a decrease of 5.8% as compared to the corresponding period of the previous year.

The following table sets forth the Group's revenue from the two major business segments:

	For the year ended 31 December				
	2023		2022		Change %
	RMB'000	% of total	RMB'000	% of total	
Healthcare business	7,832,842	57.4%	6,372,252	52.8%	22.9%
Finance business	5,882,032	43.1%	5,721,203	47.4%	2.8%
Offset	(64,671)	-0.5%	(20,283)	-0.2%	218.8%
<b>Total</b>	<b>13,650,203</b>	<b>100.0%</b>	<b>12,073,172</b>	<b>100.0%</b>	<b>13.1%</b>

The following table sets forth the Group's gross profit from the two major business segments:

	For the year ended 31 December				
	2023		2022		Change %
	RMB'000	% of total	RMB'000	% of total	
Healthcare business	1,069,315	23.4%	790,761	17.6%	35.2%
Finance business	3,305,205	72.3%	3,508,303	78.1%	-5.8%
Offset	197,339	4.3%	195,230	4.3%	1.1%
<b>Total</b>	<b>4,571,859</b>	<b>100.0%</b>	<b>4,494,294</b>	<b>100.0%</b>	<b>1.7%</b>

## 2.2.1 Healthcare business

The Group's healthcare business includes integrated healthcare services as well as specialties and healthcare industry business. In 2023, the healthcare business recorded a revenue of RMB7,832.8 million, representing an increase of RMB1,460.6 million or 22.9% as compared to the previous year, and recorded gross profit of RMB1,069.3 million, representing an increase of RMB278.6 million or 35.2% as compared to the previous year.

The following table sets forth the Group's income from healthcare business:

	For the year ended 31 December				
	2023		2022		Change %
	RMB'000	% of total	RMB'000	% of total	
<b>Healthcare business</b>					
Income from integrated healthcare services	7,634,483	97.5%	6,334,658	99.4%	20.5%
Income from specialties and healthcare industry	243,728	3.1%	83,844	1.3%	190.7%
Offset	(45,369)	-0.6%	(46,250)	-0.7%	-1.9%
<b>Total</b>	<b>7,832,842</b>	<b>100.0%</b>	<b>6,372,252</b>	<b>100.0%</b>	<b>22.9%</b>

The following table sets forth the Group's gross profit from healthcare business:

	For the year ended 31 December				
	2023		2022		Change %
	RMB'000	% of total	RMB'000	% of total	
<b>Healthcare business</b>					
Gross profit from integrated healthcare services	953,943	89.2%	750,387	94.9%	27.1%
Gross profit from specialties and healthcare industry	121,523	11.4%	41,087	5.2%	195.8%
Offset	(6,151)	-0.6%	(713)	-0.1%	762.7%
<b>Total</b>	<b>1,069,315</b>	<b>100.0%</b>	<b>790,761</b>	<b>100.0%</b>	<b>35.2%</b>

In 2023, the healthcare business of the Group showed a trend of growth momentum, which was attributable to (i) the gradual improvement and positive growth of the overall operation of the hospitals following the improvement of external environment for development of the healthcare business; (ii) the Group's continuous efforts to enhance collaboration across various regions and constantly improve its core competency which laid a further solid foundation for the development of the integrated hospitals, as well as the improvement in the business scale and operation efficiency due to the combined effect of upfront resource investments and improvement in operation and management; and (iii) the rapid development of the specialties and healthcare industry business which empowered the development of the internal hospitals by enhancing service capability and further improved business layout through consolidation of external resources, which facilitated the rapid development of its businesses.

#### 2.2.1.1 Integrated healthcare business

Revenue from the Group's integrated healthcare business comes from the integrated healthcare services and supply chain business provided by the consolidated medical institutions. Revenue from healthcare services mainly includes revenue generated from the healthcare and examination, medicine and hygiene materials, physical examination and other services provided for outpatients, emergency patients and inpatients. Costs of healthcare services include costs of medicine and hygiene materials, labor costs as well as depreciation and amortization expenses. In 2023, this business recorded revenue of RMB7,634.5 million, representing an increase of RMB1,299.8 million or 20.5% as compared to the corresponding period of the previous year; and gross profit of RMB953.9 million, representing an increase of RMB203.6 million or 27.1% as compared to the corresponding period of the previous year.

#### 2.2.1.2 Specialties and healthcare industry business

Currently, the financial contribution of the specialties and healthcare industry business mainly comes from the provision of life cycle management of medical equipment, operation of specialty disciplines and Internet-based healthcare services to medical institutions within and outside the Group. In 2023, this business recorded a revenue of RMB243.7 million, representing an increase of RMB159.9 million or 190.7% as compared to the corresponding period of the previous year; and gross profit of RMB121.5 million, representing an increase of RMB80.4 million or 195.8% as compared to the corresponding period of the previous year. Looking forward, the Group will continue to enhance its core competitiveness of the equipment life cycle management business, and step up efforts to unleash the value of specialty disciplines such as nephrology, oncology and ophthalmology as well as medical digitalization and other healthcare industry business units.



## 2.2.2 Finance business

The finance business segment includes comprehensive financial solutions centered on finance leasing provided by us for customers, and services such as industry, equipment and financing consulting, and department upgrades in medical institutions. In 2023, the finance business segment recorded a revenue of RMB5,882.0 million, representing an increase of 2.8% as compared to the previous year, and gross profit of RMB3,305.2 million, representing a decrease of 5.8% as compared to the previous year, which was mainly attributable to impact of the interest rate hike policy implemented in the offshore markets on the existing finance costs.

The following table sets forth the Group's income from finance business:

	For the year ended 31 December				Change %
	2023		2022		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
<b>Finance business income</b>	<b>5,882,032</b>		5,721,203		2.8%
Including:					
Finance service	<b>4,790,733</b>	<b>81.4%</b>	4,621,389	80.8%	3.7%
Advisory service	<b>1,025,941</b>	<b>17.4%</b>	1,085,920	19.0%	-5.5%

The following table sets forth the gross profit of the Group's finance business:

	For the year ended 31 December				Change %
	2023		2022		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
<b>Gross profit from finance business</b>	<b>3,305,205</b>		3,508,303		-5.8%
Including:					
Finance service	<b>2,214,256</b>	<b>67.0%</b>	2,408,448	68.6%	-8.1%
Advisory service	<b>1,025,941</b>	<b>31.0%</b>	1,085,920	31.0%	-5.5%

### 2.2.2.1 Finance service business

The income from finance service business of the Group is the interest income generated by providing comprehensive financial solutions centered on finance leasing for customers in public hospitals, urban public utility and other fields in PRC. In 2023, under a complex and challenging external environment, and with the risk control as a top priority, we stepped up efforts in developing quality customers and continued to optimise our business portfolio, so as to steadily advance the finance business segment. The Group recorded interest income of RMB4,790.7 million, representing an increase of 3.7% as compared to the corresponding period of the previous year, and our gross profit amounted to RMB2,214.3 million, representing a decrease of 8.1% as compared to the corresponding period of the previous year, which was mainly due to the increasing financing costs of existing foreign currency-denominated loans as a result of interest rate hikes implemented by the United States Federal Reserve.

The following table sets forth the Group's finance service income by industry:

	<b>For the year ended 31 December</b>				
	<b>2023</b>		<b>2022</b>		<b>Change %</b>
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Healthcare	<b>986,253</b>	<b>20.6%</b>	1,455,050	31.5%	-32.2%
Urban public utility	<b>3,497,952</b>	<b>73.0%</b>	3,014,839	65.2%	16.0%
Other	<b>306,528</b>	<b>6.4%</b>	151,500	3.3%	102.3%
<b>Total</b>	<b><u>4,790,733</u></b>	<b><u>100.0%</u></b>	<b><u>4,621,389</u></b>	<b><u>100.0%</u></b>	<b><u>3.7%</u></b>

The following table sets forth the indicators of income from finance service business of the Group:

	31 December 2023			31 December 2022		
	Average balance RMB'000	Interest income <sup>(1)</sup> / expense <sup>(2)</sup> RMB'000	Average yield <sup>(3)</sup> / cost rate <sup>(4)</sup>	Average balance RMB'000	Interest income <sup>(1)</sup> / expense <sup>(2)</sup> RMB'000	Average yield <sup>(3)</sup> / cost rate <sup>(4)</sup>
Interest-earning assets	69,497,954	4,792,616	6.90%	64,254,363	4,638,604	7.22%
Interest-bearing liabilities	60,882,387	2,593,740	4.26%	57,434,520	2,283,030	3.98%
Net interest margin <sup>(5)</sup>	-	-	3.16%	-	-	3.67%
Net interest spread <sup>(6)</sup>	-	-	2.64%	-	-	3.24%

- (1) Interest income represents the interest income from finance service business;
- (2) Interest expense represents financial cost of capital for finance service business;
- (3) Average yield = interest income/average balance of interest-earning assets;
- (4) Average cost rate = interest expense/average balance of interest-bearing liabilities, taking into account the effect of perpetual bonds;
- (5) Net interest margin = net interest income/average balance of interest-earning assets;
- (6) Net interest spread = average yield of interest-earning assets – average cost rate of interest-bearing liabilities.

In 2023, the Group's net interest spread of finance service business was 2.64%, representing a decrease of 0.6 percentage point from 3.24% in the corresponding period of the previous year. Net interest spread is the difference between average yield of interest-earning assets and average cost rate of interest-bearing liabilities, among which:

- (1) the average yield of interest-earning assets was 6.90%, representing a decrease of 0.32 percentage point from 7.22% in the corresponding period of the previous year. On the one hand, the overall profitability of the industry recorded a decrease due to the impact of the policies and market environment, and the average yield of the interest-earning assets showed an overall decrease as compared to the corresponding period of the previous year. On the other hand, faced with complicated financial environment at home and abroad, the Group implemented strict risk control, selected high-quality projects, took proactive initiatives to secure quality customers, made continuous efforts to promote the establishment of a comprehensive risk management system, constantly optimised business structure and facilitated high-quality implementation of various projects.

- (2) the average cost rate of interest-bearing liabilities of the Group was 4.26%, representing an increase of 0.28 percentage point from 3.98% for the corresponding period of the previous year, which was mainly due to the impact of interest rate hikes implemented by the United States Federal Reserve. During the year, the Group continued to optimise its financing structure. Leveraging on the current market environment where we experienced an overall recovery of the PRC economy and relatively easy monetary policy, the Group took proactive initiatives to obtain funding in the PRC at low costs, leading to a decrease of 0.49 percentage point in the average cost rate for onshore loans as compared to that at the end of last year. The Group stepped up efforts to make early repayment of its existing foreign currency loans in a timely manner during the year and has made early repayment for an amount of approximately USD715 million in aggregate, leading to steady decrease in the scale of its foreign currency financing, down by 11.0 percentage points from that at the end of last year. In addition, the Group sought for proper opportunity to conduct interest rate swap transaction in the amount equivalent to approximately USD557 million, with the interest rate risk hedging ratio further increasing to 54.87%. Control on funding cost is one of the Group's core advantages to carry out our finance business, and we will continue to deepen cooperation with financial institutions, make great effort in building efficient financing channels, accelerate the improvement of a diversified financing system, and reasonably and effectively control financing costs on the premise of ensuring sufficient capital liquidity.

#### 2.2.2.2 Advisory services business

The Group's advisory services business includes industry, equipment and financing advisory services as well as clinical department upgrade advisory services. Leveraging on our expanding resources platform, and in accordance with the characteristics of clients' operation at each stage, we provided them with valuable, flexible and diversified comprehensive services comprising finance services, equipment replacement, technology and management advice, clinical department upgrade advisory so as to improve the technical service capabilities and management efficiency of customers, thereby strengthening finance customers' stickiness. In 2023, the Group recorded gross profit from advisory services of RMB1,025.9 million, representing a decrease of 5.5% as compared to the corresponding period of the previous year.

### *2.2.3 Operating cost*

In 2023, the Group's sales and distribution costs amounted to RMB397.2 million, representing a decrease of 10.1% as compared to the previous year, which was mainly due to the year-on-year decrease in sales and distribution costs as the labour costs of certain staff of the finance business were transferred to administrative expenses as a result of re-designation of their positions in the second half of 2022.

Administrative expenses amounted to RMB1,168.4 million, representing an increase of 27.8% as compared to the previous year, which was mainly attributable to the increase of labour costs. Administrative expenses from finance business segment amounted to RMB498.1 million, accounting for 42.6% and representing an increase of 28.2% as compared to the previous year. Administrative expenses from healthcare business segment amounted to RMB676.1 million, accounting for 57.9% and representing an increase of 27.2% as compared to the previous year.

### *2.2.4 Profit before tax*

In 2023, the Group recorded profit before tax of RMB2,866.2 million, representing an increase of RMB162.9 million or 6.0% as compared to the previous year.

### *2.2.5 Profit for the year attributable to owners of the parent*

In 2023, the Group recorded profit for the year attributable to owners of the parent of RMB2,020.9 million, representing an increase of RMB132.5 million or 7.0% as compared to the previous year.

## 2.2.6 Operating revenue from acquired medical institutions

As of 31 December 2023, the Group had completed the acquisition of 63 medical institutions. The operation performance of such acquired medical institutions during the consolidation period is set out below.

In 2023, the acquired medical institutions of the Group recorded revenue of RMB7,465.8 million during the consolidation period, representing an increase of RMB1,281.8 million or 20.7% as compared to the corresponding period of the previous year; and recorded profit for the year of RMB336.2 million, representing an increase of RMB47.5 million or 16.4% as compared to the corresponding period of the previous year.

The following table sets forth the profit or loss of the acquired medical institutions of the Group during the consolidation period:

	<b>For the year ended</b>		Change %
	<b>31 December</b>		
	<b>2023</b>	2022	
	<b>RMB'000</b>	RMB'000	
<b>Revenue</b>	<b>7,465,781</b>	6,183,985	20.7%
Costs	<b>(6,577,644)</b>	(5,474,515)	20.2%
<b>Gross profit</b>	<b>888,137</b>	709,470	25.2%
Other income and gains	<b>143,123</b>	149,520	-4.3%
Selling and distribution costs	<b>(5,379)</b>	(5,263)	2.2%
Administrative expenses	<b>(621,160)</b>	(517,594)	20.0%
Impairment on financial assets	<b>(2,771)</b>	(613)	352.1%
Other expenses	<b>(18,311)</b>	(8,964)	104.3%
Share of profit of an associate	<b>140</b>	9	1457.3%
Financial costs	<b>(15,313)</b>	(12,853)	19.1%
<b>Profit before tax</b>	<b>368,466</b>	313,712	17.5%
Income tax expense	<b>(32,308)</b>	(25,035)	29.1%
<b>Profit for the year</b>	<b>336,158</b>	288,677	16.4%

### 3. Financial Position Analysis

#### 3.1 Overview of Assets

As at 31 December 2023, the Group's total assets was RMB80,344.7 million, representing an increase of 4.4% as compared to the end of the previous year. In particular, our restricted deposits was RMB691.0 million, representing a decrease of 11.2% as compared to the end of the previous year and accounting for 0.9% of the total assets; our cash and cash equivalents was RMB2,849.0 million, representing an increase of 5.3% as compared to the end of the previous year and accounting for 3.5% of the total assets; our loans and accounts receivables was RMB67,261.9 million, representing an increase of 3.7% as compared to the end of the previous year and accounting for 83.7% of the total assets.

The following table sets forth the assets analysis of the Group for the dates indicated:

	31 December 2023		31 December 2022		Change %
	RMB'000	% of total	RMB'000	% of total	
Restricted deposits	690,972	0.9%	778,303	1.0%	-11.2%
Cash and cash equivalents	2,848,973	3.5%	2,705,342	3.5%	5.3%
Inventories	431,141	0.5%	388,052	0.5%	11.1%
Loans and accounts receivables	67,261,890	83.7%	64,882,838	84.4%	3.7%
Prepayments, other receivables and other assets	1,310,526	1.7%	1,333,618	1.8%	-1.7%
Property, plant and equipment	4,391,417	5.5%	3,820,299	4.9%	14.9%
Other intangible assets	161,266	0.2%	79,173	0.1%	103.7%
Investment in a joint venture	496,472	0.6%	486,195	0.6%	2.1%
Investment in associates	107,123	0.1%	28,769	0.0%	272.4%
Deferred tax assets	702,163	0.9%	742,551	1.0%	-5.4%
Derivative financial assets	263,970	0.3%	232,154	0.3%	13.7%
Right-of-use asset	1,161,459	1.4%	1,154,794	1.5%	0.6%
Goodwill	286,538	0.4%	102,253	0.1%	180.2%
Financial assets at fair value through profit or loss	216,641	0.3%	245,987	0.3%	-11.9%
Financial assets at fair value through other comprehensive income	14,193	0.0%	—	—	100.0%
<b>Total</b>	<b>80,344,744</b>	<b>100.0%</b>	<b>76,980,328</b>	<b>100.0%</b>	<b>4.4%</b>

The following table sets forth the assets of the Group by business segment for the dates indicated:

	<u>31 December 2023</u>		<u>31 December 2022</u>		Change %
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Healthcare business	<b>14,807,996</b>	<b>18.4%</b>	13,888,399	18.0%	6.6%
Finance business	<b>73,018,465</b>	<b>90.9%</b>	68,811,920	89.4%	6.1%
Inter-segment offset	<b>(7,481,717)</b>	<b>-9.3%</b>	(5,719,991)	-7.4%	30.8%
<b>Total</b>	<b><u>80,344,744</u></b>	<b><u>100.0%</u></b>	<b><u>76,980,328</u></b>	<b><u>100.0%</u></b>	<b><u>4.4%</u></b>

### *3.1.1 Restricted deposits*

As at 31 December 2023, the Group had restricted deposits of RMB691.0 million, representing a decrease of 11.2% as compared to the end of the previous year. Restricted deposits mainly comprised restricted project refunds from factoring business, fix-term deposits and financing deposits.

### *3.1.2 Cash and cash equivalents*

As at 31 December 2023, the Group had cash and cash equivalents of RMB2,849.0 million, representing an increase of 5.3% as compared to the end of the previous year. The balance of cash and cash equivalents will be gradually applied in accordance with the Group's business plan.

### *3.1.3 Loans and accounts receivables*

As at 31 December 2023, the balance of the Group's loans and accounts receivables was RMB67,261.9 million, representing an increase of 3.7% as compared to the end of the previous year. The net interest-earning assets was RMB65,463.6 million, accounting for 97.3% of the loans and accounts receivables; and net accounts receivables was RMB1,756.8 million, accounting for 2.6% of the loans and accounts receivables.



### 3.1.3.1 Interest-earning assets

In 2023, the Group strengthened its risk management and control in a prudent manner, and expanded the lease business with caution while ensuring asset security. As at 31 December 2023, the Group's net interest-earning assets was RMB67,348.6 million, representing an increase of RMB2,114.8 million or 3.2% as compared to the end of the previous year.

#### Net interest-earning assets by industry

In 2023, the Group continued to lay emphasis on risk prevention and control of interest-earning assets. The Group focused on further exploration and development in the fields such as public hospitals and urban public utility based on the development prospect, profitability, revenue/risk profile, cash flow stability of the industry and other criteria, and on the basis of effective control of risks, it actively explored finance lease business in new sectors.

The following table sets forth the net interest-earning assets by industry:

	<u>31 December 2023</u>		<u>31 December 2022</u>		Change %
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Healthcare	<b>12,418,950</b>	<b>18.4%</b>	17,346,262	26.6%	-28.4%
Urban public utility	<b>50,106,877</b>	<b>74.4%</b>	45,147,968	69.2%	11.0%
Others	<b>4,822,758</b>	<b>7.2%</b>	2,739,601	4.2%	76.0%
<b>Net interest-earning assets</b>	<b><u>67,348,585</u></b>	<b><u>100.0%</u></b>	<b><u>65,233,831</u></b>	<b><u>100.0%</u></b>	<b><u>3.2%</u></b>
<b>Less: Provision for interest-earning assets</b>	<b><u>(1,884,973)</u></b>		<b><u>(1,694,751)</u></b>		<b><u>11.2%</u></b>
<b>Net value of interest-earning assets</b>	<b><u>65,463,612</u></b>		<b><u>63,539,080</u></b>		<b><u>3.0%</u></b>

## The maturity profile of the net interest-earning assets

The Group formulated reasonable business investment strategies according to its strategic plan so as to ensure sustainable and steady cash inflow. As at 31 December 2023, the maturity profile of the Group's net interest-earning assets was relatively balanced.

The following table sets forth the maturity profile of the net interest-earning assets:

	<u>31 December 2023</u>		<u>31 December 2022</u>		Change %
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Within 1 year	<b>24,832,825</b>	<b>36.9%</b>	22,983,482	35.2%	8.0%
1-2 years	<b>20,054,386</b>	<b>29.8%</b>	18,688,243	28.7%	7.3%
2-3 years	<b>12,902,305</b>	<b>19.1%</b>	13,573,846	20.8%	-4.9%
Over 3 years	<b>9,559,069</b>	<b>14.2%</b>	9,988,260	15.3%	-4.3%
<b>Net interest-earning assets</b>	<b><u>67,348,585</u></b>	<b><u>100.0%</u></b>	<b><u>65,233,831</u></b>	<b><u>100.0%</u></b>	<b><u>3.2%</u></b>

## Quality of interest-earning assets

The Group has been implementing robust asset management policies and continuously adopting stringent and prudent asset classification policies. As at 31 December 2023, the Group had non-performing assets of RMB662.4 million, representing an increase of RMB18.3 million as compared to 31 December 2022. The Group continuously improved its risk management system, adopted effective risk prevention measures and stepped up efforts to recover non-performing assets. As at 31 December 2023, the Group's non-performing assets ratio was 0.98%.

The following table sets forth the classification of five categories of the net interest-earning assets of the Group:

	31 December 2023		31 December 2022		Change %
	RMB'000	% of total	RMB'000	% of total	
Pass	60,239,150	89.45%	58,052,407	88.99%	3.8%
Special attention	6,446,992	9.57%	6,537,307	10.02%	-1.4%
Substandard	435,705	0.64%	510,044	0.78%	-14.6%
Doubtful	133,198	0.20%	105,038	0.16%	26.8%
Loss	93,540	0.14%	29,035	0.05%	222.2%
<b>Net interest-earning assets</b>	<b>67,348,585</b>	<b>100.00%</b>	<b>65,233,831</b>	<b>100.00%</b>	<b>3.2%</b>
Non-performing assets <sup>(1)</sup>	662,443		644,117		2.8%
Non-performing assets ratio <sup>(2)</sup>	<b>0.98%</b>		<b>0.99%</b>		

<sup>(1)</sup> Non-performing assets are defined as those interest-earning assets having objective evidence of impairment as a result of one or more events that occur after initial recognition and that event has an impact on the future cash flows of interest-earning assets that can be reliably estimated. These interest-earning assets are classified as “substandard”, “doubtful” or “loss”.

<sup>(2)</sup> The non-performing assets ratio is the percentage of non-performing assets over net interest-earning assets as at the dates indicated.

*Note:* Please refer to “Management Discussion and Analysis – 7. Risk Management” in this announcement for more details of the five-category classification.

#### Ratio of overdue interest-earning assets

In 2023, the Group implemented prudent risk control and asset management policy, maintaining a stable performance of the risk management system. As at 31 December 2023, the overdue ratio (over 30 days) was 0.89%, increased by 0.03 percentage point as compared to 0.86% at the end of the previous year.

The following table sets forth the ratio of the Group’s interest-earning assets overdue for over 30 days:

	31 December 2023	31 December 2022
Overdue ratio (over 30 days) <sup>(1)</sup>	<b>0.89%</b>	<b>0.86%</b>

<sup>(1)</sup> Calculated as net interest-earning assets (overdue for over 30 days) divided by net interest-earning assets.

## Provision for interest-earning assets

As at 31 December 2023, the Group's provision coverage ratio was 284.55%, representing an increase of 21.44 percentage points as compared to the end of the previous year. With the expansion of its business, the Group's management believes that it is imperative to take prudent measures to protect the Group against systematic risks and move towards the international standards and practices. As such, the Group's asset provision coverage maintained an upward trend.

The following table sets forth the breakdown of provisions by the Group's assessment methodology:

	As at 31 December 2023			Total RMB'000
	Stage 1 (12-month expected credit loss) RMB'000	Stage 2 (Lifetime expected credit loss) RMB'000	Stage 3 (Lifetime expected credit loss- impaired) RMB'000	
Net interest-earning assets	60,239,150	6,446,992	662,443	67,348,585
Provision for interest-earning assets	(945,255)	(591,420)	(348,298)	(1,884,973)
Net value of interest-earning assets	<u>59,293,895</u>	<u>5,855,572</u>	<u>314,145</u>	<u>65,463,612</u>
	As at 31 December 2022			Total RMB'000
	Stage 1 (12-month expected credit loss) RMB'000	Stage 2 (Lifetime expected credit loss) RMB'000	Stage 3 (Lifetime expected credit loss- impaired) RMB'000	
Net interest-earning assets	58,052,407	6,342,938	838,486	65,233,831
Provision for interest-earning assets	(688,107)	(639,852)	(366,792)	(1,694,751)
Net value of interest-earning assets	<u>57,364,300</u>	<u>5,703,086</u>	<u>471,694</u>	<u>63,539,080</u>

## Write-off of interest-earning assets

The following table sets forth the write-off of interest-earning assets as of the dates indicated:

	<b>31 December 2023</b>	31 December 2022
	<b>RMB'000</b>	RMB'000
Write-off	–	42,064
Non-performing assets as at the end of last year	<b>644,117</b>	601,062
Write-off ratio <sup>(1)</sup>	<u>–</u>	<u>7.00%</u>

<sup>(1)</sup> The write-off ratio is calculated as the percentage of amount written-off of bad debts of interest-earning assets over the net non-performing assets as at the end of the previous year.

## Asset-backed securities related assets, etc.

In 2023, the Group sold interest-earning assets with a cumulative principal of approximately RMB5,456 million through the asset-backed securities business, all of which belonged to urban public utility. The Group will actively expand the asset-backed securities business in the future based on the needs of business development. As at 31 December 2023, the balance of the subordinated shares held by the Group for the asset-backed securities business was RMB201.0 million. As an asset management service provider for off-balance sheet assets, the Group implemented prudent asset management policies in the manner of on-balance sheet assets and strengthened asset process monitoring. The quality of off-balance sheet assets was steady as at 31 December 2023, with no significant abnormality in asset quality.

As at 31 December 2023, the balance of the Group's assets with continuing involvement was RMB309.5 million. In accordance with the accounting standards, for the above-mentioned asset-backed securities business, the Group continued to bear risks due to credit enhancement measures such as self-held subordinate shares. The Group recognised continuing involvement in assets and liabilities.

### 3.1.3.2 Accounts receivable

As at 31 December 2023, the Group's net accounts receivables was RMB1,756.8 million, representing an increase of RMB414.9 million or 30.9% as compared to the end of the previous year. The increase in accounts receivables was mainly due to the increase in revenue from healthcare business segment.

### 3.1.4 Other assets

As at 31 December 2023, the Group's balance of property, plant and equipment was RMB4,391.4 million, representing an increase of RMB571.1 million as compared to the end of the previous year, which was mainly due to the increase in the balance of property, plant and equipment from the renovation and expansion works of the Group's affiliated medical institutions.

As at 31 December 2023, the balance of the Group's investment in joint ventures was RMB496.5 million, which was the investment in Sichuan Huankang Hospital Management Co., Ltd. (四川環康醫院管理公司); the balance of investment in associates was RMB107.1 million, which was the investment in Genertec Digital Health Technology (Beijing) Co., Ltd. (通用技術集團健康數字科技(北京)有限公司), GT-PRC Healthcare Company Limited (通用技術集團醫療健康有限公司) and Beijing Tongrentang Anshan Traditional Chinese Medicine Hospital Co., Ltd. (北京同仁堂鞍山中醫醫院有限公司).

As at 31 December 2023, the Group's balance of goodwill was RMB286.5 million, including goodwill of RMB182.5 million arising from the acquisition of Casstar, goodwill of RMB58.9 million arising from the acquisition of Xi'an XD Group Hospital (西電集團醫院), goodwill of RMB32.3 million arising from the acquisition of Pangang Xichang Hospital (攀鋼西昌醫院), goodwill of RMB9.2 million arising from the acquisition of Shaanxi Huahong Pharmaceutical Co., Ltd. (陝西華虹醫藥有限公司), goodwill of RMB1.8 million arising from the acquisition of Beth Hesda (畢士大), goodwill of RMB1.0 million arising from the acquisition of Xianyang Caihong Hospital (咸陽彩虹醫院) and goodwill of RMB0.8 million arising from the acquisition of Ansteel General Hospital by the Group.

### 3.2 Overview of Liabilities

As at 31 December 2023, the Group's total liabilities amounted to RMB59,976.8 million, representing an increase of RMB2,717.3 million, or 4.7%, as compared to the end of the previous year. The balance of interest-bearing bank and other borrowings amounted to RMB47,649.6 million, representing an increase of RMB738.2 million, or 1.6%, as compared to the end of the previous year, accounting for 79.4% of the total liabilities; balance of other payables and accruals amounted to RMB8,882.8 million, representing an increase of RMB1,315.0 million, or 17.4%, as compared to the end of the previous year, accounting for 14.8% of the total liabilities.

The following table sets forth the Group's liabilities as at the dates indicated:

	31 December 2023		31 December 2022		Change %
	RMB'000	% of total	RMB'000	% of total	
Interest-bearing bank and other borrowings	47,649,600	79.4%	46,911,383	81.9%	1.6%
Trade and bills payables	2,988,673	5.0%	2,294,424	4.0%	30.3%
Other payables and accruals	8,882,765	14.8%	7,567,833	13.3%	17.4%
Derivative financial instruments	26,608	0.1%	120,802	0.2%	-78.0%
Tax payable	119,641	0.2%	84,097	0.1%	42.3%
Other non-current liabilities	309,499	0.5%	280,968	0.5%	10.2%
<b>Total</b>	<b>59,976,786</b>	<b>100.0%</b>	<b>57,259,507</b>	<b>100.0%</b>	<b>4.7%</b>

#### 3.2.1 Interest-bearing bank and other borrowings

Since the beginning of this year, despite the complicated economic environment at home and abroad, the Group was fully committed to the new development concept, and stepped up its efforts to build a new development pattern and establish a diversified, stable financing system at multiple levels with multiple channels. The Group has made continued efforts to enrich its financing varieties, optimise the financing structure, and strengthen the innovation of financing tools to maintain its competitive edge on the debt side. In the direct financing market, the Group introduced several new types of bonds including medium-term notes for rural revitalization, asset-backed securities for high-quality development of the Yellow River basin, renewable green asset-backed special project and perpetual medium-term notes, boasted ever closer ties with its investors and continuously increased the number of stable investors by issuing multiple tranches of long- and short-term bonds in the interbank market and the Shanghai Stock Exchange in a timely and efficient manner. In the indirect financing market, the Group focused on core financial institutions such as large state-owned commercial banks, joint-stock commercial banks, city commercial banks and foreign banks, and conducted extensive, in-depth and long-term cooperation in the direction of finance and industry in an active response to policies of banks. With the implementation of the ESG loan,

green loan and merger and acquisition loan projects, the Group recorded substantial increase in the scale of credit facilities. Meanwhile, the Group continued to keep a keen watch on the international market and steadily promoted offshore syndicated and bilateral loans business to strongly support diversified and stable funding resources.

The Group's interest-bearing bank and other borrowings were mainly used to finance the capital requirement of our finance lease business. As at 31 December 2023, the balance of the Group's interest-bearing bank and other borrowings was RMB47,649.6 million, representing an increase of RMB738.22 million or 1.6% as compared to that as at 31 December 2022. The borrowings of the Group are dominated in RMB, USD and HKD.

Breakdown of interest-bearing bank and other borrowings by type:

	<u>31 December 2023</u>		<u>31 December 2022</u>		Change %
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Bank loans	<b>26,415,315</b>	<b>55.4%</b>	24,280,248	51.8%	8.8%
Due to related parties	<b>4,445,739</b>	<b>9.3%</b>	4,092,920	8.7%	8.6%
Bonds	<b>16,458,383</b>	<b>34.6%</b>	17,548,288	37.4%	-6.2%
Other loans	<b>330,163</b>	<b>0.7%</b>	989,927	2.1%	-66.6%
Total	<b><u>47,649,600</u></b>	<b><u>100.0%</u></b>	<u>46,911,383</u>	<u>100.0%</u>	<u>1.6%</u>

As at 31 December 2023, the balance of the Group's bank loans amounted to RMB26,415.3 million, which accounted for 55.4% of the total interest-bearing bank and other borrowings, representing an increase of 3.6 percentage points as compared to 51.8% as at 31 December 2022. The Group continuously made efforts in domestic credit market and strengthened its cooperation with banks in width and depth, with the proportion of balance of bank loans increased.



Breakdown of interest-bearing bank and other borrowings by currency:

	<u>31 December 2023</u>		<u>31 December 2022</u>		Change %
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
RMB	<b>38,504,534</b>	<b>80.8%</b>	32,720,554	69.8%	17.7%
USD	<b>6,090,920</b>	<b>12.8%</b>	10,419,838	22.2%	-41.5%
HKD	<b>3,054,146</b>	<b>6.4%</b>	3,770,991	8.0%	-19.0%
Total	<b><u>47,649,600</u></b>	<b><u>100.0%</u></b>	<b><u>46,911,383</u></b>	<b><u>100.0%</u></b>	<b><u>1.6%</u></b>

As at 31 December 2023, the balance of the Group's interest-bearing bank and other borrowings denominated in RMB was RMB38,504.5 million, which accounted for 80.8% of its total interest-bearing bank and other borrowings, representing an increase of 11.0 percentage points as compared to 69.8% as at 31 December 2022. Affected by the increasingly tightened monetary policy in overseas market, the Group reduced the scale of foreign currency financing in a timely and appropriate manner, continued its diversified financing strategy, and at the same time objectively managed the foreign exchange risk with foreign exchange derivatives.

Breakdown of the interest-bearing bank and other borrowings by region:

	<u>31 December 2023</u>		<u>31 December 2022</u>		Change %
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Domestic	<b>37,804,534</b>	<b>79.3%</b>	32,020,554	68.3%	18.1%
Overseas	<b>9,845,066</b>	<b>20.7%</b>	14,890,829	31.7%	-33.9%
Total	<b><u>47,649,600</u></b>	<b><u>100.0%</u></b>	<b><u>46,911,383</u></b>	<b><u>100.0%</u></b>	<b><u>1.6%</u></b>

As at 31 December 2023, the Group's domestic financing balance was RMB37,804.5 million, accounting for 79.3% of the total interest-bearing bank and other borrowings, representing an increase of 11.0 percentage points as compared to 68.3% as at 31 December 2022. Taking advantage of the relatively loose monetary policy in domestic market, the Group proactively explored domestic financing channels and vigorously promoted domestic RMB financing.

Breakdown of the current and non-current interest-bearing bank and other borrowings:

	<u>31 December 2023</u>		<u>31 December 2022</u>		Change %
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Current	<b>22,537,605</b>	<b>47.3%</b>	20,802,790	44.3%	8.3%
Non-current	<b>25,111,995</b>	<b>52.7%</b>	26,108,593	55.7%	-3.8%
Total	<b><u>47,649,600</u></b>	<b><u>100.0%</u></b>	<b><u>46,911,383</u></b>	<b><u>100.0%</u></b>	<b><u>1.6%</u></b>

As at 31 December 2023, the total balance of the Group's current interest-bearing bank and other borrowings amounted to RMB22,537.6 million, which accounted for 47.3% of its total interest-bearing bank and other borrowings, representing an increase of 3.0 percentage points as compared to 44.3% at the end of the previous year. On the premise that sufficient liquidity is maintained, the Group optimised maturity structure of financing to obtain more low-cost funds, therefore, the overall structure of assets and liabilities remained stable and favorable.

Breakdown of the secured and unsecured interest-bearing bank and other borrowings:

	<u>31 December 2023</u>		<u>31 December 2022</u>		Change %
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Secured	<b>8,431,837</b>	<b>17.7%</b>	6,174,875	13.2%	36.6%
Unsecured	<b>39,217,763</b>	<b>82.3%</b>	40,736,508	86.8%	-3.7%
Total	<b><u>47,649,600</u></b>	<b><u>100.0%</u></b>	<b><u>46,911,383</u></b>	<b><u>100.0%</u></b>	<b><u>1.6%</u></b>

As at 31 December 2023, the Group's total secured interest-bearing bank and other borrowings amounted to RMB8,431.8 million, which accounted for 17.7% of its total interest-bearing bank and other borrowings, representing an increase of 4.5 percentage points as compared to 13.2% at the end of the previous year. The Group's secured assets were mainly interest-earning assets. In order to expand financing channels, cultivate different financing entities, and diversify financing resources, the proportion of the secured interest-bearing bank and other borrowings was slightly increased.

Breakdown of the direct financing and indirect financing in interest-bearing bank and other borrowings:

	<u>31 December 2023</u>		<u>31 December 2022</u>		Change %
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Direct financing	<b>16,689,509</b>	<b>35.0%</b>	17,770,641	37.9%	-6.1%
Indirect financing	<b>30,960,091</b>	<b>65.0%</b>	29,140,742	62.1%	6.2%
Total	<b><u>47,649,600</u></b>	<b><u>100.0%</u></b>	<u>46,911,383</u>	<u>100.0%</u>	<u>1.6%</u>

As at 31 December 2023, the total balance of the direct financing of the Group's interest-bearing bank and other borrowings amounted to RMB16,689.5 million, which accounted for 35.0% of its total interest-bearing bank and other borrowings, representing a decrease of 2.9 percentage points as compared to 37.9% at the end of the previous year. The Group continued to cultivate and refine its presence in both the direct financing market and indirect financing market. The stable and balanced financing structure secured ample funding for the Company's development.

### 3.2.2 *Other payables and accruals*

Other payables and accruals primarily comprise the collection of payments related to asset-backed securities, the lease deposits paid by customers, the accrued interests on borrowings, as well as the accrued salary and welfare payables. As at 31 December 2023, other payables and accruals amounted to RMB8,882.8 million in total, representing an increase of RMB1,314.9 million as compared to the end of the previous year, mainly due to increase in the collection of payments related to asset-backed securities and lease deposits of the Group.

### 3.3 Shareholders' Equity

As at 31 December 2023, the Group's total equity was RMB20,368.0 million, representing an increase of RMB647.1 million or 3.3% as compared to the end of the previous year, among which the non-controlling interests were RMB3,017.8 million, representing a decrease of RMB1,062.2 million or 26.0% as compared to the end of the previous year, which was mainly due to the decrease of non-controlling interests from the acquisition of equity interest in Genertec Minmetals.

The following table sets forth the equities as of the dates indicated:

	31 December 2023		31 December 2022		Change %
	RMB'000	% of total	RMB'000	% of total	
Share capital	5,297,254	26.0%	5,297,254	26.9%	0.0%
Equity attributable to holders of convertible corporate bonds <sup>(1)</sup>	75,486	0.4%	75,486	0.4%	0.0%
Reserves	10,305,001	50.6%	8,607,642	43.6%	19.7%
Equity attributable to owners of the parent	15,677,741	77.0%	13,980,382	70.9%	12.1%
Equity attributable to holders of renewable corporate bonds <sup>(2)</sup>	1,672,433	8.2%	1,660,414	8.4%	0.7%
Non-controlling interests	3,017,784	14.8%	4,080,025	20.7%	-26.0%
Total	20,367,958	100.0%	19,720,821	100.0%	3.3%

(1) On 25 March 2021, Genertec Universal Medical Development (BVI) Co., Ltd., a wholly-owned subsidiary of the Company, issued convertible bonds in an aggregate principal amount of USD150 million, which are guaranteed by the Company and bear the interest rate of 2% per annum. The net proceeds raised from the issue of the convertible bonds, after deduction of the related expenses, were approximately USD148 million. On 16 June 2023, the conversion price of the convertible bonds was adjusted from HKD6.28 to HKD6.09 due to declaration and payment of final dividends by the Company.

(2) On 28 June 2021, CULC, a wholly-owned subsidiary of the Company, issued the renewable corporate bonds of an aggregate principal amount of RMB500 million in the PRC, with a basic term of two years from 29 June 2021. CULC will, at the end of the agreed basic term and each extended period, be entitled to an option to extend the term of the bonds. The bonds are with a fixed interest rate of 5.1%. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the corporate bonds. The Group redeemed these renewable corporate bonds in full on 29 June 2023.

On 25 October 2021, CULC issued the renewable corporate bonds of an aggregate principal amount of RMB670 million in the PRC, with a basic term of two years from 25 October 2021. CULC will, at the end of the agreed basic term and each extended period, be entitled to an option to extend the term of the bonds. The bonds are with a fixed interest rate of 4.83%. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the corporate bonds. The Group redeemed these renewable corporate bonds in full on 25 October 2023.

On 22 December 2022, CULC issued the renewable corporate bonds of an aggregate principal amount of RMB480 million in the PRC, with a basic term of one year from 22 December 2022. CULC will, at the end of the agreed basic term and each extended period, be entitled to an option to extend the term of the bonds. The bonds are with a fixed interest rate of 5%. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the corporate bonds. The Group redeemed these renewable corporate bonds in full on 22 December 2023.

On 27 March 2023, CULC issued the renewable corporate bonds of an aggregate principal amount of RMB300 million in the PRC, with a basic term of two years from 27 March 2023. CULC will, at the end of the agreed basic term and each extended period, be entitled to an option to extend the term of the bonds. The bonds are with a fixed interest rate of 4.8%. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the corporate bonds.

On 29 June 2023, CULC issued the renewable corporate bonds of an aggregate principal amount of RMB600 million in the PRC, with a basic term of two years from 29 June 2023. CULC will, at the end of the agreed basic term and each extended period, be entitled to an option to extend the term of the bonds. The bonds are with a fixed interest rate of 4.3%. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the corporate bonds.

On 7 September 2023, CULC issued the renewable corporate bonds of an aggregate principal amount of RMB500 million in the PRC, with a basic term of one year from 7 September 2023. CULC will, at the end of the agreed basic term and each extended period, be entitled to an option to extend the term of the bonds. The bonds are with a fixed interest rate of 3.38%. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the corporate bonds.

On 27 December 2023, CULC issued the perpetual medium-term notes of an aggregate principal amount of RMB250 million in the PRC, with a basic term of two years from 27 December 2023. CULC will, at the end of the agreed basic term and each extended period, be entitled to an option to extend the term of the notes. Such notes will have a fixed coupon rate during the first term. At the end of the first term and each extended period, the coupon rate is subject to reset. The issue price is RMB100 per note, which is equal to 100% of the principal value of the notes.

#### 4. Cash Flows Analysis

In 2023, the Group's net cash inflow from operating activities amounted to RMB4,994.0 million, representing an increase of inflow of RMB2,961.9 million as compared to that of the previous year, which was mainly due to the increase in the inflow amounts as a result of the increased scale in asset-backed securities business. Net cash outflow from investing activities amounted to RMB1,059.0 million, representing an increase of outflow of RMB937.6 million as compared to that of the previous year, primarily due to the new investments as well as acquisitions and mergers for the year. Net cash outflow from financing activities amounted to RMB3,793.6 million, representing an increase of outflow of RMB2,217.2 million as compared to that of the previous year, primarily due to the redemption of corporate bonds and acquisition of minority interest.

The following table sets forth the cash flows for the years indicated:

	<b>For the year ended</b>		Change %
	<b>31 December</b>		
	<b>2023</b>	2022	
	<b>RMB'000</b>	RMB'000	
Net cash flows generated from operating activities	<b>4,993,965</b>	2,032,068	145.8%
Net cash flows used in investing activities	<b>(1,058,997)</b>	(121,398)	772.3%
Net cash flows used in financing activities	<b>(3,793,636)</b>	(1,576,418)	140.6%
Effect of exchange rate changes on cash and cash equivalents	<b>2,299</b>	(25,248)	-109.1%
Net increase in cash and cash equivalents	<b><u>143,631</u></b>	<u>309,004</u>	<u>-53.5%</u>

## 5. Capital Management

The primary objective of the Group's capital management activities is to ensure that it maintains healthy capital ratios, so as to support the Group's business and maximise its shareholders' value. The Group uses debt ratio and gearing ratio to monitor its capital status. As at 31 December 2023, no change was made to the Group's objectives, policies or processes for capital management.

### *Debt ratio*

	<b>31 December 2023</b>	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	<b>80,344,744</b>	76,980,328
Total liabilities	<b>59,976,786</b>	57,259,507
Total equity	<b>20,367,958</b>	19,720,821
Debt ratio	<b><u>74.65%</u></b>	<u>74.38%</u>

### *Gearing ratio*

	<b>31 December 2023</b>	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank and other borrowings	<b>47,646,600</b>	46,911,383
Total equity	<b>20,367,958</b>	19,720,821
Gearing ratio	<b><u>2.34</u></b>	<u>2.38</u>

As at 31 December 2023, the Group's debt ratio and gearing ratio decreased slightly as compared to the end of the previous year.

## 6. Capital Expenditure

The Group's capital expenditure primarily consists of expenditure on the purchase of medical equipment, other equipment expenditure relating to the Group's operating lease business, construction expenditure on hospital projects and expenditure relating to office facilities. In 2023, the Group had capital expenditure of RMB896.8 million.

## 7. Risk Management

The Group's principal financial instruments include interest-earning assets, trade receivables, trade payables, interest-bearing bank and other borrowings, and cash and cash equivalents. The main purpose of cash and cash equivalents and interest-bearing bank and other borrowings is to finance the Group's operations while other financial assets and financial liabilities such as trade receivables and trade payables are directly related to the Group's operating activities.

The Group is exposed to various types of market risks in the ordinary course of business, primarily including interest rate risk, currency risk, credit risk and liquidity risk.

### 7.1 Interest Rate Risk

Interest rate risk is the risk arising from the fluctuation of financing instrument or future cash flows as a result of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates primarily relates to the Group's interest-bearing bank and other borrowings and interest-earning assets.

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modeling). The Group aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such risk mitigation measure.

The following table sets forth a sensitivity analysis on the Group's profit before tax affected by a reasonably possible change in interest rate, with all other variables unchanged. The sensitivity of the profit before tax is the effect of the assumed changes in interest rates on profit before tax, based on the financial assets and financial liabilities held at the end of each reporting period subject to repricing within the coming year.

	<b>Increase/(decrease) in profit before tax</b>	
	<b>31 December 2023 RMB'000</b>	<b>31 December 2022 RMB'000</b>
Change in base points		
+100 base points	<b>(98,220)</b>	<b>(41,915)</b>
-100 base points	<b>98,220</b>	<b>41,915</b>



## 7.2 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. The Group's exposure to the risk of changes in foreign exchange relates primarily to the financing activities of the Group.

The Group conducts its business mainly in RMB, with certain financing activities denominated in USD and other currencies pegged to the USD. The Group's currency risk mainly arises from the transactions denominated in currencies other than RMB. In order to control currency risk, the Group adopted prudent currency risk management strategies which hedges risk exposures one by one under comprehensive risk exposure management. It proactively hedged against foreign exchange exposure based on the currency and terms through using the operation of financial instruments such as forward exchange rate. As of 31 December 2023, the Group's exposure to foreign exchange risk amounted to approximately USD1,283.2 million, USD1,282.3 million or 99.9% of which had been hedged against by various financial instruments. Thus, the Group's exposure to foreign exchange risk is basically covered.

The table below sets forth a sensitivity analysis on the Group's profit before tax affected by a reasonably possible change in exchange rate:

		<b>Increase/(decrease) in profit before tax</b>	
	Change in exchange rate %	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
If RMB strengthens against USD/HKD	(1)	<b>78</b>	(349)
If RMB weakens against USD/HKD	<u>1</u>	<u><b>(78)</b></u>	<u>349</u>

The exchange rate of RMB to USD is managed under a floating exchange rate system. The HKD exchange rate has been linked to the USD and therefore the exchange rate of RMB to HKD has fluctuated and will fluctuate in line with the changes in the exchange rate of RMB to USD. The analysis calculates the effect on profit before tax of a reasonably possible movement in the currency rate against RMB, with all other variables held constant.

### 7.3 *Credit Risk*

Credit risk is the risk of loss arising from a lessee's or counterparty's inability to meet its obligations. The Group enters into transactions only with recognised and creditworthy third parties. In accordance with the policy of the Group, the Group examines and verifies the credit risk of all customers with whom the Group has credit transactions. Besides, the Group monitors and controls the interest-earning assets regularly to mitigate the risk of significant exposure to bad debts. Other financial assets of the Group include cash and bank deposits, accounts receivables and other receivables. The credit risk of these financial assets arises from the counterparty's inability to meet its obligations. The maximum exposure to credit risk equals to the carrying amounts of these assets.

In determining the classification of its interest-earning assets, the Group applies a set of criteria pursuant to its internal policies. These criteria are designed to assess the likelihood of repayment by the borrower and the collectability of principal and interest on the interest earning assets of the Group. Interest-earning assets classification criteria of the Group focus on a number of factors, to the extent applicable, and include the following criteria:

#### *Classification criteria*

**Pass.** There is no reason to doubt that the loan principal and interest will not be repaid by the lessee in full and/or in a timely manner. There is no reason whatsoever to suspect that the interest-earning assets will be impaired.

**Special Mention.** Even though the lessee has been able to pay the lease payments in a timely manner, there are still some factors that could adversely affect its ability to pay. These factors include changes in economy, policies and regulations and industry environment, changes in property structures, significant negative events and significant fall in key financial indicators occurred to lessees, sharp lag of infrastructure projects behind the original plan, or heavy overrun of budget, impact of changes in core asset value on repayment abilities of the lessees, as well as emerging of position relating to guarantors impacting their financial and operating conditions. In addition, the Group takes into account impacts of subjective factors on asset quality such as changes in repayment willingness of the lessees, for example, if payments have been overdue and the financial position of the lessee has worsened, then the interest-earning assets for this lease contract should be classified as special mention or lower.

**Substandard.** The lessee's ability to pay the principal and interests of the interest-earning assets is in question as it is unable to pay the principal and interests of the lease payment in full with its operating revenues and the Group is likely to incur losses notwithstanding the enforcement of any guarantees. For example, if a lease payment that has been categorised as special mention continues to be overdue for a period of time, then the interest-earning assets for this lease contract should be classified as substandard or lower.

**Doubtful.** The lessee's ability to pay is in question as it is unable to make lease payments in full and on a timely basis with its operating revenues. Notwithstanding the enforcement of any guarantees underlying the lease contract, the Group is likely to incur significant losses. For example, if a lease payment that has been categorised as substandard continues to be overdue for a period of time, the interest-earning assets for this lease contract shall be classified as doubtful or lower.

**Loss.** After taking all possible steps or going through all necessary legal procedures, lease payments remain overdue or only a very limited portion has been recovered. For example, if a lease payment that has been categorised as doubtful continues to be overdue for a period of time, the interest-earning assets for this lease contract shall be classified as a loss.

#### *Asset management measures*

Under the overall risk management framework, the Group fully participated in the asset management works, with multi-sectorial coordination and collaboration, to maintain the safety of assets and improve the asset quality. During the whole process of each of the finance lease project, the Group took risk management measures to monitor the quality of its asset portfolio, the quality of the assets underlying its leases and the efficiency of its credit assessment workflow. These measures are integrated into on-going asset management efforts of the Group with the following key features:

#### *Continuously improving the management process after the lease and regularly monitoring the asset portfolio*

The Group continued to improve the management process after lease and strengthened the coordination of various departments to ensure the rent collection and the collateral security, as well as enhancing asset quality. During the year, the Group constantly monitored the collection of rental payments from our customers. For projects with overdue lease receivables, we would adopt a variety of measures to collect the overdue receivables, and collect data to facilitate our classification of risky assets.

#### *On-site customer visits*

The Group formulated and implemented an annual on-site visit plan and inspected the business development and financial conditions of its customers on a continuing basis, during which cross-selling opportunities could also be explored for providing more value-added services. Through on-site visits, the customers would be urged to pay the rent on time more consciously and they would be more willing to communicate with the Group.

### *Material events handling and reporting procedures*

The Group implemented a material events reporting system. If any material adverse event occurs to customers, a responsible department should take the lead and collaborate and coordinate with various departments to actively respond to the situation. Meanwhile, such event would need to be reported to the senior management and the Board.

### *Regular assessments on asset quality and update on reclassification*

The Group adopted the expected credit loss model to classify its assets related to interest earning assets. Under this categorization system, the Group's assets related to interest-earning assets are divided into five categories, namely "pass", "special mention", "substandard", "doubtful" and "loss". The last three categories of assets are considered as non-performing assets. The Group applied a series of criteria in determining the classification of each of its assets, which focus on a number of factors, including (1) the customer's ability to make lease payments; (2) the customer's payment history; (3) the customer's willingness to make lease payments; (4) the collateral provided for the lease; and (5) the possibility of legal enforcement in the event of delinquent lease payments. The Group closely monitored the asset quality by focusing on the aforementioned factors, and would decide whether to reclassify such assets and adopt appropriate measures to improve their management. The Group has also established concrete management measures for making relevant provisions for impairment to the extent such impairment is reasonably envisaged.

### *Credit Risk Analysis*

#### Analysis on the industry concentration of interest-earning assets

Credit risk is often greater when lessees are concentrated in one single industry or geographical location or have comparable economic characteristics. Customers of the Group are diversely located in different regions of the Chinese mainland, and its lessees are from different industries as follows:

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Healthcare	<b>12,418,950</b>	<b>18.4%</b>	17,346,262	26.6%
Urban public utility	<b>50,106,877</b>	<b>74.4%</b>	45,147,968	69.2%
Others	<b>4,822,758</b>	<b>7.2%</b>	2,739,601	4.2%
<b>Total</b>	<b><u>67,348,585</u></b>	<b><u>100.0%</u></b>	<b><u>65,233,831</u></b>	<b><u>100.0%</u></b>

Although the customers of the Group are mainly concentrated in the healthcare industry and urban public utility industry, there is no significant credit risk concentration within the Group as healthcare industry relates closely to people's basic livelihood and is weakly correlated to the economic cycle, the development fundamentals of urban public utility are sound, and systematic risks are under control.

The data of exposure to credit risk arises from loans and accounts receivables, other receivables, derivative financial instruments and credit commitments. The analysis of financial assets which are neither past due nor impaired is as follows:

	<b>31 December 2023</b>	31 December 2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Net interest-earning assets	<b>66,498,898</b>	63,848,757
Accounts receivables	<b>1,756,800</b>	1,341,858
Other receivables	<b>501,158</b>	403,197
Derivative financial assets	<b>263,970</b>	232,154
Notes receivable	<b>41,478</b>	1,900

#### **7.4 Liquidity Risk**

Liquidity risk is the risk arising from funds not being available to meet liabilities as they fall due. This may arise from mismatches in amounts or duration with regard to the maturity of financial assets and liabilities.

The Group manages its liquidity risk through daily, monthly and quarterly monitoring with the following objectives: maintaining flexibility in funding by keeping sufficient available loan facilities or loan commitments provided by banks and other financial institutions, making projections of cash flows and evaluating the appropriateness of current asset/liability position, and maintaining an efficient internal funds transfer mechanism.

The table below summarises the maturity profile of the Group's financial assets and liabilities based on the contractual undiscounted cash flows:

	On demand	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Infinite	Total
				<i>RMB'000</i>			
<b>31 December 2023</b>							
Total financial assets	3,103,504	10,201,521	21,317,899	46,921,596	-	2,778	81,547,298
Total financial liabilities	(107,548)	(7,709,850)	(22,435,101)	(30,083,157)	(553,448)	-	(60,889,104)
Net liquidity gap <sup>(1)</sup>	<u>2,995,956</u>	<u>2,491,671</u>	<u>(1,117,202)</u>	<u>16,838,439</u>	<u>(553,448)</u>	<u>2,778</u>	<u>20,658,194</u>
<b>31 December 2022</b>							
Total financial assets	2,970,800	9,503,281	19,578,237	46,974,024	-	-	79,026,342
Total financial liabilities	(1,114,778)	(4,971,019)	(20,298,737)	(31,465,210)	(215,228)	-	(58,064,972)
Net liquidity gap <sup>(1)</sup>	<u>1,856,022</u>	<u>4,532,262</u>	<u>(720,500)</u>	<u>15,508,814</u>	<u>(215,228)</u>	<u>-</u>	<u>20,961,370</u>

<sup>(1)</sup> A positive liquidity gap indicates financial assets are more than financial liabilities and there is no funding gap, while a negative net liquidity gap indicates otherwise.

The Group will reasonably arrange the term of financial liabilities to control the liquidity risk.

## 8. Pledge of Group Assets

As at 31 December 2023, the Group had interest-earning assets of RMB8,799.2 million and cash of RMB671.9 million pledged or paid to banks to secure the bank borrowings.

## 9. Material Investments, Acquisitions and Disposals

On 30 July 2022, Hospital Investment Co., Ltd. and Genertec Minmetals entered into (i) an equity transfer agreement with Minmetals Shareholders, pursuant to which Hospital Investment Co., Ltd. (as the purchaser) had conditionally agreed to acquire, and Minmetals Shareholders (as vendors) had conditionally agreed to sell a total of 44% of the equity interest in Genertec Minmetals held by Minmetals Shareholders, for a total consideration of RMB1,096.2 million; and (ii) an equity transfer agreement with CITIC Capital (Tianjin), pursuant to which Hospital Investment Co., Ltd. (as the purchaser) had conditionally agreed to acquire, and CITIC Capital (Tianjin) (as the vendor) had conditionally agreed to sell 10% of the equity interest in Genertec Minmetals held by CITIC Capital (Tianjin), at nil consideration. The acquisition had been completed on 1 March 2023. Upon completion of the transactions, Genertec Minmetals was owned as to 100% by Hospital Investment Co., Ltd., and accordingly, became an indirect wholly-owned subsidiary of the Company.

On 11 August 2023, Genertec Universal Medical Technology Services (Tianjin) Co., Ltd. (通用環球醫療技術服務(天津)有限公司) (a wholly owned subsidiary of the Company) entered into an equity transfer agreement (the “Equity Transfer Agreement”) with Casstar and its seven shareholders. Pursuant to the Equity Transfer Agreement, Genertec Universal Medical Technology Services (Tianjin) Co., Ltd. conditionally agreed to acquire an aggregate of 85% of the equity interest in Casstar from the seven shareholders of Casstar, for a consideration of RMB467.5 million. Upon completion of this transaction, Casstar would become an indirect non-wholly owned subsidiary of the Company and the financial results of Casstar will be consolidated into the financial statements of the Group.

Save as disclosed above, there were no significant investments held, nor were there any material disposals of subsidiaries during the year ended 31 December 2023.

## 10. Circumstances Including Contractual Obligations, Contingent Liabilities and Capital Commitments

### 10.1 Contingent Liabilities

	<b>31 December 2023</b>	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Legal proceedings	–	–
Claimed amounts	<u>–</u>	<u>–</u>

### 10.2 Capital Commitments and Credit Commitments

The Group had the following capital commitments and credit commitments as at each of the dates indicated:

	<b>31 December 2023</b>	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure under signed contracts but not appropriated <sup>(1)</sup>	<b>864,754</b>	1,690,434
Credit commitments <sup>(2)</sup>	<u><b>2,069,000</b></u>	<u>2,530,000</u>

<sup>(1)</sup> Capital expenditure under signed contracts but not appropriated during the year mainly represents unpaid amounts for medical equipment under contracts signed by hospitals and the unpaid amounts for construction and operation projects contracted by hospitals.

<sup>(2)</sup> Credit commitments refer to the amount, conditional and revocable, under approved lease contracts but not appropriated by settlement date.



## 11. Human Resources

As of 31 December 2023, we had a total of 21,089 employees, representing an increase of 554 employees or 2.7% as compared to 20,535 employees as of 30 June 2023, which is mainly due to the transfer of employees from acquired hospitals.

We have a highly-educated and high-quality work force, with about 64.86% of our employees holding bachelor's degrees and above, about 6.48% holding master's degrees and above, about 40.11% with intermediate title and above, and about 13.44% with senior vice title and above as of 31 December 2023.

We have established and implemented a flexible and efficient employee incentive compensation plan to link the remuneration of our employees to their overall performance and contribution to the Group. We have established a performance-based remuneration and award system based on their overall performance and accomplishment of work targets. We promote employees based on their positions, service term and overall performance by categorising them into professional or managerial group, which provides our employees with a clear career development path. We perform a comprehensive performance evaluation over our employees at different positions and levels on an annual basis according to business objective obligations and achievement of key objectives.

In accordance with applicable PRC regulations, we have made contributions to social security insurance funds (including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. We also provide other insurance plans for eligible employees such as supplementary pension, additional medical insurance and accident insurance in addition to those required under the PRC regulations. As of 31 December 2023, the Group complied with all statutory social insurance and housing fund obligations applicable to the Group under the PRC laws in all material respects.

## **CORPORATE GOVERNANCE CODE**

The Company has applied the principles and code provisions as set out in the CG Code and has adopted the CG Code as its own code of corporate governance.

During the year, the Company has complied with all code provisions as set out in the CG Code save for the deviation from code provision B.2.2.

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, the articles of association of the Company stipulates that the executive Directors shall not be subject to the rotational retirement provision, without prejudice of the power of the Shareholders in general meeting to remove any such Director. To ensure continuity of leadership and stability for growth of the Company, the Board opined that the executive Directors should hold office on a continuous basis.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Securities Dealing Code on terms no less exacting than the Model Code, to regulate the Directors' and employees' dealings in the Company's securities.

Having made specific enquiry in writing to all the Directors (including Mr. Yu Gang who resigned during the accounting period covered by this annual results announcement), the Company confirmed that the Directors had complied with the Model Code and the Securities Dealing Code throughout the period from 1 January 2023 or the date of her appointment as Director (as the case may be) and up to the date of his resignation as Director or 31 December 2023 (as the case may be).

## **REVIEW OF FINANCIAL INFORMATION**

The Audit Committee has discussed with the management and the external auditor of the Company and reviewed the audited consolidated financial statements and annual results of the Group for the year ended 31 December 2023.

In addition, Ernst & Young, the external auditor of the Company, has independently audited the consolidated financial statements of the Group for the year ended 31 December 2023 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

## **DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE**

The financial information relating to the Company for the years ended 31 December 2023, 2022, 2021, 2020 and 2019 included in this announcement does not constitute the Company's statutory annual consolidated financial statements for these five years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the years ended 31 December 2022, 2021, 2020 and 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, as well as section 94 of the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance in due course.

The Company's auditor has reported on the consolidated financial statements for the years ended 31 December 2023, 2022, 2021, 2020 and 2019. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HKD0.35 per Share for the year ended 31 December 2023 (the "**2023 Final Dividend**"), which is subject to the approval of the Shareholders at the 2024 annual general meeting of the Company. Subject to the approval of the Shareholders at the 2024 annual general meeting of the Company, the 2023 Final Dividend is expected to be paid to the eligible Shareholders by no later than 31 July 2024.

A circular containing, among other things, further information in respect of the 2024 annual general meeting of the Company and the proposed distribution of the 2023 Final Dividend will be dispatched to the Shareholders in due course.

## **2024 ANNUAL GENERAL MEETING OF THE COMPANY AND CLOSURE OF REGISTER**

The Company will arrange the time for convening the 2024 annual general meeting of the Company as soon as practicable, and the notice of the 2024 annual general meeting of the Company will be published and dispatched to the Shareholders in a timely manner in accordance with the requirements of Listing Rules and the Company's articles of association. Once the date of the 2024 annual general meeting of the Company is finalized, the Company will announce the period of closure of register of members of the Company in the notice of the 2024 annual general meeting of the Company.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.umcare.cn](http://www.umcare.cn), respectively. The annual report of the Company for the year ended 31 December 2023 containing all the information required under the Listing Rules will be despatched to the Shareholders and published on the above-mentioned websites in due course.

## DEFINITIONS

“Ansteel General Hospital”	Ansteel Group General Hospital (鞍鋼集團公司總醫院), a leading Grade III Class A general hospital in Anshan City, Liaoning Province, the PRC
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors
“CG Code”	the “Corporate Governance Code” contained in Appendix C1 to the Listing Rules
“CITIC Capital (Tianjin)”	CITIC Capital Equity Investment (Tianjin) Corporation Limited (中信資本股權投資(天津)股份有限公司)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong, which has become effective from 3 March 2014), as amended, supplemented or otherwise modified from time to time
“Company” or “Universal Medical”	Genertec Universal Medical Group Company Limited (通用環球醫療集團有限公司) (formerly known as Universal Medical Financial & Technical Advisory Services Company Limited (環球醫療金融與技術諮詢服務有限公司), Universal Medical Services & Health Management Company Limited (環球醫療服務有限公司) and Universal International Leasing Co., Limited (環球國際租賃有限公司)), a company incorporated with limited liability under the laws of Hong Kong on 19 April 2012
“CULC”	China Universal Leasing Co., Ltd. (中國環球租賃有限公司), a wholly foreign-owned enterprise incorporated in China on 1 November 1984 and a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“ESG”	environmental, social and governance
“Genertec Minmetals”	Genertec Minmetals Hospital Management (Beijing) Company Limited (通用五礦醫院管理(北京)有限公司)
“Group”, “we” or “us”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hospital Investment Co., Ltd.”	Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. (通用環球醫院投資管理(天津)有限公司), previously known as Wiseman Hospital Investment Management (Tianjin) Co., Ltd. (融慧濟民醫院投資管理(天津)有限公司), a wholly-owned subsidiary of the Company established in the PRC in 2015
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Minmetals Shareholders”	Certain subsidiaries of China Minmetals Corporation (中國五礦集團有限公司)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“PRC” or “China”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Dealing Code”	the Company’s own code of conduct regarding directors’ and employees’ dealings in the Company’s securities
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States

By order of the Board  
**Genertec Universal Medical Group Company Limited**  
通用環球醫療集團有限公司  
**Peng Jiahong**  
*Chairwoman of the Board*

Beijing, PRC, 27 March 2024

*As at the date of this announcement, the executive Directors are Ms. Peng Jiahong (Chairwoman), Mr. Wang Wenbing and Ms. Wang Lin; the non-executive Directors are Mr. Chan Kai Kong (Vice-chairman), Mr. Tong Chaoyin, Mr. Xu Ming and Mr. Zhu Ziyang; and the independent non-executive Directors are Mr. Li Yinquan, Mr. Chow Siu Lui, Mr. Xu Zhiming and Mr. Chan, Hiu Fung Nicholas.*