華潤醫療
CR MEDICAL

China Resources Medical Holdings Company Limited
華潤醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1515)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

HIGHLIGHTS

— The Group recorded a consolidated revenue of RMB4,447 million in 2021 (2020: RMB2,751 million; 2019: RMB2,115 million), and the increase in revenue was mainly attributable to the improved operating efficiency as well as the effects in relation to the acquisition of Huaiyin Hospital in June 2021 and the consolidation of certain hospitals.

— In 2021, the Group recorded a net profit of RMB426 million (2020: RMB320 million; 2019: RMB401 million), profit attributable to owners of the parent of RMB418 million (2020: RMB310 million; 2019: RMB391 million), and earnings per share of RMB0.33 (2020: RMB0.25 per share; 2019: RMB0.31 per share).

— In 2021 the material impairments to the accounting items of the Group include: impairment of approximately RMB213 million in respect of our long-term investment in CR Wugang JV and our other material impairments (mainly on receivables) amounted to approximately RMB124 million. However, due to the consolidation of certain sponsored hospitals and certain abovementioned impairments made during the year, the related deferred tax credit amount was approximately RMB283 million.

The board of directors (the "**Board**") of China Resources Medical Holdings Company Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
REVENUE	4	**4,447,477**	2,750,650
Cost of sales		**(3,513,922)**	(2,114,143)
Gross profit		**933,555**	636,507
Other income	5	**120,700**	104,310
Other gains and losses, net	6	**(619)**	28,958
Selling and distribution expenses		**(16,782)**	(14,585)
Administrative expenses		**(471,447)**	(323,380)
Finance costs		**(17,834)**	(17,391)
Impairment losses on financial assets, net		**(131,460)**	(19,937)
Impairment loss on an other intangible asset		**(11,150)**	(3,588)
Impairment loss on an investment in a joint venture		**(212,679)**	—
Other expenses		**(5,363)**	(7,677)
Share of profits and losses of:			
A joint venture		**1,519**	1,072
Associates		**82,035**	33,896
PROFIT BEFORE TAX	7	**270,475**	418,185
Income tax credit/(expense)	8	**155,389**	(97,864)
PROFIT FOR THE YEAR		**425,864**	320,321
Attributable to:			
Owners of the parent		**417,915**	310,131
Non-controlling interests		**7,949**	10,190
		425,864	320,321
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic *(RMB yuan)*		**0.33**	0.25
Diluted *(RMB yuan)*		**0.33**	0.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2021

	2021	2020
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**425,864**	320,321
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement gains/(losses) on defined benefit plan	**8,453**	(4,194)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**434,317**	316,127
Attributable to:		
Owners of the parent	**424,517**	305,890
Non-controlling interests	**9,800**	10,237
	434,317	316,127

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,754,607**	805,149
Right-of-use assets		**363,835**	240,483
Goodwill		**2,276,258**	1,471,868
Other intangible assets		**75,351**	1,345,623
Investment in a joint venture		**302,940**	514,100
Investments in associates		**961,710**	41,397
Receivables from invest-operate-transfer ("**IOT**") hospitals		**58,898**	77,214
Loan to a sponsored hospital		—	51,197
Financial assets at fair value through profit or loss ("**FVTPL**")		**65,301**	92,718
Other financial assets at amortised cost		**597,670**	100,095
Deferred tax assets		**10,181**	188
Other non-current assets		**76,269**	76,269
Total non-current assets		**6,543,020**	4,816,301
CURRENT ASSETS			
Inventories		**185,075**	142,035
Trade and bills receivables	11	**766,603**	618,103
Contract assets		**27,560**	19,840
Prepayments, deposits and other receivables		**298,529**	372,395
Due from related parties		**7,141**	5,472
Financial assets at FVTPL		—	105,296
Other financial assets at amortised cost		**311,031**	164,927
Restricted and pledged bank deposits		**4,592**	17,454
Cash and cash equivalents		**2,324,051**	2,701,370
Total current assets		**3,924,582**	4,146,892

	Notes	2021 RMB'000	2020 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	12	**827,574**	564,125
Other payables and accruals		**757,989**	577,102
Due to related parties		**126,283**	97,751
Payables to hospitals sponsored by the Group (the "**Sponsored Hospitals**")		**166**	217,717
Interest-bearing bank and other borrowings		**1,665,899**	684,301
Lease liabilities		**22,225**	19,398
Deferred income		**817**	—
Tax payable		**42,781**	46,792
Total current liabilities		**3,443,734**	2,207,186
NET CURRENT ASSETS		**480,848**	1,939,706
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,023,868**	6,756,007
NON-CURRENT LIABILITIES			
Lease liabilities		**40,250**	46,775
Retirement benefit obligations		**37,478**	47,323
Deferred income		**4,117**	—
Deferred tax liabilities		**95,251**	317,615
Provision		**327**	3,840
Total non-current liabilities		**177,423**	415,553
Net assets		**6,846,445**	6,340,454
EQUITY			
Equity attributable to owners of the parent			
Share capital		**267**	267
Reserves		**6,450,509**	6,105,189
		6,450,776	6,105,456
Non-controlling interests		**395,669**	234,998
Total equity		**6,846,445**	6,340,454

NOTES

December 31, 2021

1. CORPORATE INFORMATION

China Resources Medical Holdings Company Limited is a limited liability company incorporated in the Cayman Islands. The address of the registered office of the Company is 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business of the Company in Mainland China is located at 14/F, Kunlun Center Office Building, No. 5 Courtyard, No. 9 Fuyi Street, Fengtai District, Beijing, the People's Republic of China (the "**PRC**").

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were mainly engaged in the provision of general healthcare services, hospital management services, group purchasing organisation ("**GPO**") business and other hospital-derived services in Mainland China.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at FVTPL which have been measured at fair value. The financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

    The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate ("**HIBOR**") and United States dollars based on the London Interbank Offered Rate ("**LIBOR**") as at 31 December 2021. The Group expects that HIBOR will continue to exist and the interest rate benchwork reform has not had an impact on the Group's HIBOR–based borrowings. For the LIBOR–based borrowings, since the interest rates of these borrowings were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has three reportable operating segments as follows:

(a) Self-owned hospitals — this segment engages in the provision of out-patient and in-patient services by consolidated hospitals and the provision of services to the unconsolidated hospitals;

(b) IOT/operate-transfer ("**OT**") hospitals — this segment engages in the provision of services to IOT hospitals and OT hospitals; and

(c) Others — this segment engages in the provision of services to other kinds of clients.

Management monitors the results of the Group's operating segments separately for the purpose of facilitating decision-making process of resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measurement of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that fair value gains/losses on financial assets at FVTPL, dividend income on a financial asset at FVTPL, gain on bargain purchase, investment income on financial assets at FVTPL, investment income on other financial assets at amortised cost, unallocated interest and investment income, unallocated impairment losses on financial assets, net, impairment loss on an other intangible asset, equity-settled share-based payment expense, unallocated finance costs, foreign exchange differences, net, unallocated share of profits and losses of associates, as well as other unallocated income, other unallocated administrative expenses, other unallocated expenses and losses are excluded from such measurement.

Segment assets exclude goodwill, financial assets at FVTPL, other financial assets at amortised cost, restricted and pledged bank deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

During the year ended 31 December 2021, the Group changed the internal reporting structure for making decisions about resource allocation and performance assessment. The "consolidated hospitals" segment and the "unconsolidated hospitals" segment have been aggregated into a new reportable operating segment of "self-owned hospitals". Accordingly, the amounts previously reported under the reportable operating segments have been aggregated to conform with the current year's presentation.

The following is an analysis of the Group's revenue and results, and assets and liabilities by reportable operating segments.

Segment revenue and results

Year ended 31 December 2021

	Self-owned hospitals *RMB'000*	IOT/OT hospitals *RMB'000*	Others *RMB'000*	Total *RMB'000*
External revenues				
General healthcare services	3,088,545	—	—	3,088,545
Hospital management services	37,880	33,500	—	71,380
Third-party supply chain service fees	179,776	54,356	—	234,132
GPO business	662,258	365,987	—	1,028,245
Other hospital-derived services	—	—	25,175	25,175
Inter-segment revenue				
Hospital management services	93,014	—	—	93,014
Third-party supply chain service fees	(831)	—	—	(831)
GPO business	225,643	—	—	225,643
Other hospital-derived services	15,530	—	4,216	19,746
Segment revenue	4,301,815	453,843	29,391	4,785,049
Eliminations	(333,356)	—	(4,216)	(337,572)
Consolidated revenue	3,968,459	453,843	25,175	4,447,477
Segment cost	(3,169,038)	(315,087)	(29,797)	(3,513,922)
Other income	32,395	7,915	6,012	46,322
Selling and distribution expenses	(11,791)	(4,533)	(72)	(16,396)
Administrative expenses	(308,498)	(18,602)	(5,326)	(332,426)
Finance costs	(2,450)	—	(66)	(2,516)
Impairment losses on financial assets, net	(77,539)	—	—	(77,539)
Impairment loss on an investment in a joint venture	(212,679)	—	—	(212,679)
Other expenses	(2,488)	—	(463)	(2,951)
Share of profit of a joint venture	1,519	—	—	1,519
Share of profits of associates	82,034	—	—	82,034
Segment results	299,924	123,536	(4,537)	418,923
Fair value losses on financial assets at FVTPL				(27,417)
Dividend income on a financial asset at FVTPL				2,795
Investment income on financial assets at FVTPL				24,837
Investment income on other financial assets at amortised cost				19,276
Unallocated interest and investment income				25,418
Unallocated impairment losses on financial assets, net				(53,921)
Impairment loss on an other intangible asset				(11,150)
Equity-settled share-based payment expense				(10,110)
Unallocated finance costs				(15,318)
Foreign exchange differences, net				26,798
Unallocated share of profits of associates				1
Other unallocated income				2,052
Other unallocated administrative expenses				(129,297)
Other unallocated expenses				(2,412)
Profit before tax				270,475

Year ended 31 December 2020

	Self-owned hospitals *RMB'000* (Restated)	IOT/OT hospitals *RMB'000*	Others *RMB'000*	Total *RMB'000*
External revenues				
General healthcare services	1,643,620	—	—	1,643,620
Hospital management services	47,889	31,012	—	78,901
Third-party supply chain service fees	108,683	71,603	—	180,286
GPO business	163,267	658,241	—	821,508
Other hospital-derived services	—	—	26,335	26,335
Inter-segment revenue				
Hospital management services	58,957	—	—	58,957
GPO business	184,404	—	—	184,404
Other hospital-derived services	4,310	—	2,865	7,175
Segment revenue	2,211,130	760,856	29,200	3,001,186
Eliminations	(247,671)	—	(2,865)	(250,536)
Consolidated revenue	1,963,459	760,856	26,335	2,750,650
Segment cost	(1,527,682)	(566,051)	(20,410)	(2,114,143)
Other income	14,075	9,588	5,526	29,189
Other gains	356	—	—	356
Selling and distribution expenses	(6,280)	(7,921)	—	(14,201)
Administrative expenses	(157,806)	(33,641)	(10,374)	(201,821)
Finance costs	(2,422)	—	(22)	(2,444)
Impairment losses on financial assets, net	(18,258)	(1,920)	—	(20,178)
Impairment loss on an other intangible asset	—	(3,588)	—	(3,588)
Other expenses	(7,173)	—	(219)	(7,392)
Share of profit of a joint venture	1,072	—	—	1,072
Share of profits of associates	—	34,047	—	34,047
Segment results	259,341	191,370	836	451,547
Fair value losses on financial assets at FVTPL				(25,140)
Dividend income on a financial asset at FVTPL				2,618
Gain on bargain purchase				9,428
Investment income on financial assets at FVTPL				55,746
Investment income on other financial assets at amortised cost				2,955
Unallocated interest and investment income				11,641
Unallocated impairment losses on financial assets, net				241
Equity-settled share-based payment expense				(8,721)
Unallocated finance costs				(14,947)
Foreign exchange differences, net				44,314
Unallocated share of losses of associates				(151)
Other unallocated income				2,161
Other unallocated administrative expenses				(113,222)
Other unallocated expenses				(285)
Profit before tax				418,185

Segment assets and liabilities

As at 31 December 2021

	Self-owned hospitals *RMB'000*	IOT/OT hospitals *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment assets	**3,146,178**	**256,595**	**75,389**	**3,478,162**
Goodwill				**2,276,258**
Financial assets at FVTPL				**65,301**
Other financial assets at amortised cost				**908,701**
Restricted and pledged bank deposits				**4,592**
Cash and cash equivalents				**2,324,051**
Corporate and other unallocated assets				**2,224,915**
Elimination of inter-segment receivables				**(814,378)**
Total assets				**10,467,602**
Segment liabilities	**1,651,377**	**23,589**	**62,804**	**1,737,770**
Interest-bearing bank borrowings				**1,646,624**
Corporate and other unallocated liabilities				**1,051,141**
Elimination of inter-segment payables				**(814,378)**
Total liabilities				**3,621,157**

As at 31 December 2020

	Self-owned hospitals *RMB'000* (Restated)	IOT/OT hospitals *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment assets	3,534,469	731,302	70,173	4,335,944
Goodwill				1,471,868
Financial assets at FVTPL				198,014
Other financial assets at amortised cost				265,022
Pledged bank deposits				17,454
Cash and cash equivalents				2,701,370
Corporate and other unallocated assets				270,755
Elimination of inter-segment receivables				(297,234)
Total assets				8,963,193
Segment liabilities	1,243,196	22,602	71,324	1,337,122
Interest-bearing bank borrowings				684,301
Corporate and other unallocated liabilities				898,550
Elimination of inter-segment payables				(297,234)
Total liabilities				2,622,739

Geographical information

(a) Revenue from external customers

	2021 ***RMB'000***	2020 *RMB'000*
Mainland China/the PRC	**4,447,477**	2,750,650

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

(b) Non-current assets

The Group's operations are located in the PRC and substantially all of the Group's non-current assets are located in the PRC.

4. REVENUE

An analysis of revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers	**4,447,477**	2,750,650

Revenue from contracts with customers

Disaggregated revenue information

For the year ended 31 December 2021

	General healthcare services	**Hospital management services**	**GPO business**	**Other hospital-derived services**	**Elimination**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Types of goods or services						
General healthcare services						
In-patient	**1,587,188**	**—**	**—**	**—**	**—**	**1,587,188**
Out-patient	**1,501,357**	**—**	**—**	**—**	**—**	**1,501,357**
	3,088,545	**—**	**—**	**—**	**—**	**3,088,545**
Hospital management services						
From self-owned hospitals	**—**	**130,894**	**—**	**—**	**(93,014)**	**37,880**
From IOT hospitals	**—**	**15,598**	**—**	**—**	**—**	**15,598**
From OT hospitals	**—**	**17,902**	**—**	**—**	**—**	**17,902**
From third party suppliers	**—**	**233,301**	**—**	**—**	**831**	**234,132**
	—	**397,695**	**—**	**—**	**(92,183)**	**305,512**
GPO business						
From self-owned hospitals	**—**	**—**	**887,901**	**—**	**(225,643)**	**662,258**
From IOT hospitals	**—**	**—**	**365,987**	**—**	**—**	**365,987**
	—	**—**	**1,253,888**	**—**	**(225,643)**	**1,028,245**
Other hospital-derived services	**—**	**—**	**—**	**44,921**	**(19,746)**	**25,175**
Total	**3,088,545**	**397,695**	**1,253,888**	**44,921**	**(337,572)**	**4,447,477**
Timing of revenue recognition						
A point in time	**1,501,357**	**—**	**1,253,888**	**44,921**	**(245,389)**	**2,554,777**
Over time	**1,587,188**	**397,695**	**—**	**—**	**(92,183)**	**1,892,700**
Total	**3,088,545**	**397,695**	**1,253,888**	**44,921**	**(337,572)**	**4,447,477**

For the year ended 31 December 2020

	General healthcare services *RMB'000*	Hospital management services *RMB'000*	GPO business *RMB'000*	Other hospital-derived services *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Types of goods or services						
General healthcare services						
In-patient	763,313	—	—	—	—	763,313
Out-patient	880,307	—	—	—	—	880,307
	1,643,620	—	—	—	—	1,643,620
Hospital management services						
From self-owned hospitals	—	106,846	—	—	(58,957)	47,889
From IOT hospitals	—	21,717	—	—	—	21,717
From an OT hospital	—	9,295	—	—	—	9,295
From third party suppliers	—	180,286	—	—	—	180,286
	—	318,144	—	—	(58,957)	259,187
GPO business						
From self-owned hospitals	—	—	347,671	—	(184,404)	163,267
From IOT hospitals	—	—	658,123	—	—	658,123
From an OT hospital	—	—	118	—	—	118
	—	—	1,005,912	—	(184,404)	821,508
Other hospital-derived services	—	—	—	33,510	(7,175)	26,335
Total	1,643,620	318,144	1,005,912	33,510	(250,536)	2,750,650
Timing of revenue recognition						
A point in time	880,307	—	1,005,912	33,510	(191,579)	1,728,150
Over time	763,313	318,144	—	—	(58,957)	1,022,500
Total	1,643,620	318,144	1,005,912	33,510	(250,536)	2,750,650

5. OTHER INCOME

	2021	2020
	RMB'000	*RMB'000*
Interest and investment income on:		
Financial assets at FVTPL	**24,837**	55,746
Other financial assets at amortised cost	**19,276**	2,955
Receivables from IOT hospitals	**7,915**	9,588
Bank deposits	**23,844**	9,613
Loan to a Sponsored Hospital	**1,574**	2,028
Dividend income on a financial asset at FVTPL	**2,795**	2,618
Government grants	**2,938**	3,772
Others	**37,521**	17,990
	120,700	104,310

6. OTHER GAINS AND LOSSES, NET

	2021	2020
	RMB'000	*RMB'000*
Gain on bargain purchase	**—**	9,428
Gain on lease termination	**—**	341
Gain on lease modification	**—**	15
Fair value losses on financial assets at FVTPL	**(27,417)**	(25,140)
Foreign exchange differences, net	**26,798**	44,314
	(619)	28,958

7. PROFIT BEFORE TAX

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

	2021	2020
	RMB'000	*RMB'000*
Cost of inventories sold	**2,301,267**	1,469,284
Depreciation of property, plant and equipment	**153,535**	86,572
Depreciation of right-of-use assets	**22,651**	18,913
Amortisation of intangible assets (included in cost of sales)	**6,693**	7,897
Total depreciation and amortisation	**182,879**	113,382
Impairment of trade receivables, net*	**77,647**	20,432
Impairment/(reversal of impairment) of financial assets included in prepayments, deposits and other receivables*	**37,272**	(495)
Impairment of receivables from IOT hospitals*	**16,541**	—

* Included in "Impairment losses on financial assets, net" in the consolidated statement of profit or loss.

8. INCOME TAX

The PRC enterprise income tax has been provided at the rate of 25% (2020: 25%) on the estimated assessable income arising in the PRC during the year. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2020: Nil).

	2021	2020
	RMB'000	*RMB'000*
Current — Mainland China		
Charge for the year	**129,388**	99,138
Underprovision/(overprovision) in prior years	**2,591**	(867)
Deferred	**(287,368)**	(407)
Total tax charge/(credit) for the year	**(155,389)**	97,864

9. DIVIDENDS

	2021	2020
	RMB'000	*RMB'000*
Dividend recognised as distribution during the year:		
Final 2020 — HK8.82 cents (2019: HK10 cents) per ordinary share	**94,054**	119,218
Less: Dividend for shares held under the Share Award Scheme	**(2,978)**	(4,126)
	91,076	115,092

	2021	2020
	HK$'000	*HK$'000*
Final dividend proposed after the end of the reporting period:		
Proposed final 2021 — HK12 cents (2020: HK8.82 cents) per ordinary share	**155,601**	114,367

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

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

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

	2021	2020
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to ordinary equity holders of the parent for the purpose of the basic and diluted earnings per share calculation	**417,915**	310,131

	Number of shares	
	2021	2020
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year for the purpose of the basic earnings per share calculation	**1,255,952**	1,255,930
Effect of dilution — weighted average number of ordinary shares:		
Shares awarded under the Share Award Scheme	**7,777**	5,140
Weighted average number of ordinary shares in issue during the year for the purpose of the diluted earnings per share calculation	**1,263,729**	1,261,070

The weighted average number of shares used for the purpose of calculating the basic and diluted earnings per share for the years ended 31 December 2021 and 2020 has been arrived at after adjusting the effect of shares repurchased and held under the Share Award Scheme.

11. TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables		
Public health insurance programs and social organisations for medical services	**510,076**	214,361
Other customers	**339,717**	429,319
Bills receivables	**370**	400
	850,163	644,080
Impairment	**(83,560)**	(25,977)
	766,603	618,103

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit periods range from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**673,611**	540,565
1 to 2 years	**45,678**	75,382
2 to 3 years	**47,314**	2,156
	766,603	618,103

12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the date of delivery of goods, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 60 days	**561,418**	347,108
61 to 180 days	**209,643**	186,274
Over 180 days	**56,513**	30,743
	827,574	564,125

The trade and bills payables are non-interest-bearing and are normally granted a credit term of 0 to 90 days.

13. BUSINESS COMBINATIONS

During the year, the Group had following events/transactions which constituted business combinations in accordance with IFRS 3 (Revised) "Business Combinations" ("**IFRS 3 (Revised)**").

(a) On 28 March 2021, the Group entered into a share purchase agreement with independent third parties to acquire 100% equity interest in Sinophi China Hospitals Limited ("**Sinophi Hospitals**") for a consideration of RMB894,293,000. Sinophi Hospitals indirectly holds 80% equity interest in Huai'an City Huaiyin Hospital Company Limited ("**Huaiyin Hospital**"). Sinophi Hospitals and its subsidiaries (collectively, the "**Sinophi Hospitals Group**") are principally engaged in the provision of general healthcare services.

On 17 June 2021, 99.19% equity interest in Sinophi Hospitals was transferred to the Group and the remaining 0.81% equity interest in Sinophi Hospitals (the "**Remaining Shares**") were pledged in favour of the Group. The Remaining Shares will be transferred to the Group and the Group will pay the consideration for the Remaining Shares of RMB7,232,000 to the sellers on the fifth business day after the assignment, transfer or grant to the Group of the cooperation agreement entered into between the sellers and Huaiyin District Government (the "**Cooperation Agreement Assignment**"). If the Cooperation Agreement Assignment does not occur on or before the first anniversary of the closing date of the acquisition (i.e. 17 June 2021), the consideration for the Remaining Shares will be adjusted to RMB5,063,000 (i.e. 70% of RMB7,232,000).

(b) On 30 August 2021, the articles of association of Guangdong 999 Brain Hospital ("**999 Brain Hospital**"), Xuzhou Mining Hospital ("**Xukuang Hospital**") and Huaibei City Mental Health Center **("Jing Wei Center**") were amended. Having considered the power of the Group based on the amended articles of association together with the relevant service contracts entered into between the Group and 999 Brain Hospital, Xukuang Hospital and Jing Wei Center, in the opinion of the directors, the Group has obtained the practical ability to direct the relevant activities of 999 Brain Hospital, Xukuang Hospital and Jing Wei Center unilaterally and control over these hospitals since the effective date of the amended articles of association on 30 August 2021. Accordingly, the assets and liabilities of these hospitals were consolidated in the Group's financial statements thereafter.

Prior to the business combination, the Group was the sponsor of 999 Brain Hospital, Xukuang Hospital and Jing Wei Center and the sponsorship rights and service contracts held by the Group were recognised as other intangible assets. Accordingly, the sponsorship rights and service contracts with an aggregate carrying amount of RMB1,253,188,000 formed the considerations for the business combinations.

The major assets acquired through these business combinations include, amongst others, property, plant and equipment, right-of-use assets, financial assets at FVTPL, trade and bills receivables, and cash and cash equivalents. Accordingly, the Group has recognised identifiable net assets of RMB1,504,333,000 and goodwill of RMB804,390,000 in accordance with IFRS 3 (Revised).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue and Operating Profit

The Group achieved a consolidated revenue of RMB4,447 million for the year ended December 31, 2021 (2020: RMB2,751 million; 2019: RMB2,115 million); the increase in revenue was mainly attributable to the improved operating efficiency as well as the effects in relation to the acquisition of Huaiyin Hospital in June 2021 and the consolidation of certain hospitals (for details, please refer to the section headed "Consolidating certain hospitals" below).

During the Reporting Period, the Group recorded a net profit of RMB426 million (2020: RMB320 million; 2019: RMB401 million) and earnings per share of RMB0.33 (2020: RMB0.25 per share; 2019: RMB0.31 per share). The increase in net profit was mainly attributable to the improved profit contribution of our member hospitals, resulting from the successful implementation of the Group's strategy in strengthening the management of our member hospitals' daily operation and promoting their service quality and operation efficiency, which helped our member hospitals effectively cope with the challenges brought about by the new normal with the epidemic and improved their overall financial performance.

In 2021, the material impairments to the accounting items of the Group include impairment of approximately RMB213 million in respect of our long-term investment in CR Wugang JV, which is one-off and non-cash in nature, and other material impairments (mainly on receivables) amounted to approximately RMB124 million. The Group recorded the reversal of deferred tax liabilities of credit amount of approximately RMB221 million in relation to the derecognition of sponsorship rights and service contracts resulting from the consolidation of serval sponsored hospitals in August 2021. Together with the effects in relation to certain abovementioned impairments, the related deferred tax credit amount was approximately RMB283 million.

Scale of our operation

As of December 31, 2021, the Group manages and operates 120 medical institutions in eight provinces and cities in China, and the number of annual outpatient visits of the Group's member hospitals was approximately 10,780,000, representing an increase of 39.9% and 22.8% compared with 2020 and 2019, respectively. The annual number of inpatient was approximately 282,000, representing an increase of 28.3% and 11.7% compared with 2020 and 2019, respectively. The operational efficiency of the Group's member hospitals has been significantly improved in the first half of 2021 and maintained in the second half of the year.

Consolidating certain hospitals

During the year, the Group has completed the acquisition of Huaiyin Hospital and consolidated certain other hospitals. Among which, Huaiyin Hospital's financial statements have been consolidated into the Group's consolidated financial statements since June 2021.

In addition, the amendments to the respective constitutional documents of a number of member medical institutions have been gradually implemented pursuant to the requirements under the 'Guiding Opinions on the Pilot Scheme for the Formulation of Hospital Constitutions' jointly issued by the National Health Commission and the National Administration of Traditional Chinese Medicine in May 2018, the model template of public hospital constitution issued by the National Health Commission in December 2019 and the guidelines given by the respective local government authorities of our member medical institutions. On August 30, 2021, such constitution amendments of Guangdong 999 Brain Hospital, Xukuang Hospital and Huaibei City Mental Health Center have been implemented and other relevant documents in respect of the corresponding medical institutes have been executed. As a result, the Group has obtained the practical capability to direct the relevant activities of the relevant medical institutes unilaterally and gained control over them. Their financial statements have been consolidated into the Group's financial statements as of even date.

List of Medical Institutions under the Group's Management and Operation

Province/City	**Grade III Hospitals**	**Grade II Hospitals**	**Grade I Hospitals and Community Centres**	**Clinics & Other Medical Institutions**	**Total**
Beijing	2	4	11	29	46
Shandong	—	2	2	10	14
Shanxi	—	1	—	—	1
Jiangsu[1]	—	2	—	—	2
Anhui	1	3	19	6	29
Hubei	2	—	3	16	21
Guangdong	1	1	—	2	4
Guangxi[2]	—	2	1	—	3
Total	6	15	36	63	120

Notes:

(1) Huaiyin Hospital's financial statements have been consolidated to the consolidated financial statements of the Group since June 2021.

(2) On March 12, 2021, Hubei Runkang Healthcare Management Co., Ltd. (a wholly-owned subsidiary of the Company) (as the manager) and Shenzhen Runtou Consulting Co., Ltd. (a wholly-owned subsidiary of CR Land) (as the principal) entered into the hospital management agreement and pursuant to which the latter shall appoint the former as the manager to provide comprehensive operation and management services for the Yuenianhua Rehabilitation Hospital.

Operating figures and business income of Jian Gong Hospital

Established in 1953, Jian Gong Hospital was formerly known as Beijing Construction Workers Hospital and the General Hospital of the Ministry of Construction. In October 2021, it was approved to be upgraded to a grade 3 integrative hospital. The hospital operates about 400 beds. During the Reporting Period, its number of outpatient visits was about 791,000, and the number of inpatients was about 15,000, representing year-on-year growth of 41.2% and 36.7%, respectively. The medical income of Jian Gong Hospital in 2021 was approximately RMB777 million.

Operating figures and business income of Guangdong 999 Brain Hospital

Guangdong 999 Brain Hospital was established in 1994. It is a grade 3 specialized hospital which locates in Guangzhou, the Guangdong Province. Its key discipline is neurosurgery. The hospital operates approximately 800 beds. During the Reporting Period, the number of outpatient visits was approximately 330,000, and the number of inpatients was approximately 18,000, representing year-on-year growth of 21.2% and 24.3%, respectively. The hospital's medical income in 2021 was approximately RMB1,017 million.

Operating figures and business income of Huaikuang Hospital

Huaikuang Hospital was established in 1958. It is a grade 3A general hospital located in the Anhui Province, and with trauma surgery as its characteristic discipline. The hospital operates approximately 2,300 beds. During the Reporting Period, the number of outpatient visits was approximately 1,134,000, representing a year-on-year growth of 17.6%, and the number of inpatients was approximately 61,000, similar to the previous year. The hospital's medical income in 2021 was approximately RMB768 million.

Operating figures and business income of Wugang General Hospital

Wugang General Hospital was established in Wuhan City in 1958. Wugang General Hospital is a grade 3A general hospital with about 1,000 beds. During the Reporting Period, the number of outpatient visits and inpatient visits of the hospital was approximately 734,000 and 35,000, representing year-on-year increase of 36.5% and 43.0%, respectively. In 2021, the medical income of Wugang General Hospital was approximately RMB715 million.

Operating figures and business income of Jing Mei Hospital

Founded in 1956, Jing Mei Hospital is a grade 3 general hospital located in Beijing. The hospital operates approximately 2,000 beds. During the Reporting Period, the number of outpatient visits was approximately 1,966,000 and the number of inpatients was approximately 38,000, representing year-on-year increase of 36.4% and 9.1%, respectively. The hospital's medical income in 2021 was approximately RMB1,778 million.

Operating figures and business income of our small and medium-sized hospitals

In addition to the aforesaid hospitals, the other member medical institutions of the Group together operates approximately 5,700 beds. During the Reporting Period, the number of outpatient visits and inpatients were approximately 5,826,000 and 115,000, representing year-on-year increase of 48.2% and 57.6%, respectively. In 2021, the total medical income of the relevant medical institutions was approximately RMB3,217 million.

Operating data for Year 2021

			Number of patients		Revenue from medical business *(RMB'000)*			
	Number of beds in operation	Utilization rate of beds	Number of outpatients	Number of inpatients	Revenue from outpatient visits	Revenue from inpatient visits	Revenue from physical examination	Total
Self-owned Hospitals[Note]	10,469	73%	7,562,810	242,321	2,954,506	3,620,303	128,421	6,703,230
IOT/OT Hospitals	1,773	55%	3,217,655	39,632	980,626	531,163	57,260	1,569,049
Subtotal	12,242	70%	10,780,465	281,953	3,935,132	4,151,466	185,681	8,272,279

Operating data for Year 2020

			Number of patients		Revenue from medical business *(RMB'000)*			
	Number of beds in operation	Utilization rate of beds	Number of outpatients	Number of inpatients	Revenue from outpatient visits	Revenue from inpatient visits	Revenue from physical examination	Total
Self-owned Hospitals[Note]	7,481	67%	4,246,313	164,343	1,606,092	2,291,121	90,293	3,987,506
IOT/OT Hospitals	3,484	60%	3,459,692	55,415	1,591,639	1,011,990	52,717	2,656,346
Subtotal	10,965	65%	7,706,005	219,758	3,197,731	3,303,111	143,010	6,643,852

Note: In respect of the operating data statistics, the abovementioned self-owned hospitals refer to all consolidated hospitals and unconsolidated hospitals of the Group, and except for the IOT/OT hospitals managed by the Group.

Financial data

Financial data for Year 2021

RMB'000	Total	Segment results Self-owned Hospitals	IOT/OT hospitals	Other derived businesses	Administrative expenses	Other gains and expenses
Revenue from goods and services	**4,447,477**	**3,968,459**	**453,843**	**25,175**	—	—
Cost of sales and services	**(3,513,922)**	**(3,169,038)**	**(315,087)**	**(29,797)**	—	—
Other income	**46,322**	**32,395**	**7,915**	**6,012**	—	—
Selling and distribution expenses	**(16,396)**	**(11,791)**	**(4,533)**	**(72)**	—	—
Administrative expenses	**(332,426)**	**(308,498)**	**(18,602)**	**(5,326)**	—	—
Finance costs	**(2,516)**	**(2,450)**	—	**(66)**		
Impairment losses on financial assets,net	**(77,539)**	**(77,539)**	—	—	—	—
Other expenses	**(2,951)**	**(2,488)**	—	**(463)**	—	—
Share of profit of joint ventures/associates	**83,553**	**83,553**	—			
Segment results	**631,602**	**512,603**	**123,536**	**(4,537)**	**N/A**	**N/A**
Headquarters operating expenses	**(139,407)**	—	—	—	**(139,407)**	—
Other profit or loss	**(206,403)**	—	—	—	—	**(206,403)**
Finance costs	**(15,318)**	—	—	—	—	**(15,318)**
Share of profit of joint ventures/associates	**1**	—	—	—	—	**1**
Income tax	**155,389**	—	—	—	—	**155,389**
Net profit or loss	**425,864**	**512,603**	**123,536**	**(4,537)**	**(139,407)**	**(66,331)**
Revenue from medical business	**8,272,279**	**6,703,230**	**1,569,049**	—		

Notes:

During the Reporting Period:

(1) Self-owned hospitals include: Jian Gong Hospital, Jinan Zhong Qi Hospital, Huaikuang Hospital Group, the Run Neng Hospitals, Guangdong 999 Brain Hospital, Xukuang Hospital and Huaibei City Mental Health Center, and also Huai'yin Hostpital (since June 30, 2021). This segments also includes the return on the Group's investments to Jing Mei Hospital and the Wugang Hospital Group.

In the section of "Management discussion and Analysis", the segment results of Self-owned hospitals does not include the impairment of approximately RMB213 million for its long-term investment in the CR Wugang JV. Such impairment is one-off and non-cash in nature.

(2) IOT hospitals include: Mentougou Hospital, Mentougou Traditional Chinese Medicine Hospital, Mentougou Hospital for Women and Children, Shunyi District Konggang Hospital, the Second Hospital of Shunyi District.

(3) OT hospitals include: Yantai Zhifu Hospital, Yuenianhua Rehabilitation Hospital and Tai'an City Hospital (up to September 30, 2021).

Financial data for Year 2020

		Segment results				
RMB'000	Total	Self-owned Hospitals	IOT/OT hospitals	Other derived businesses	Administrative expenses	Other gains and expenses
Revenue from goods and services	2,750,650	1,963,459	760,856	26,335	—	—
Cost of sales and services	(2,114,143)	(1,527,682)	(566,051)	(20,410)	—	—
Other income	29,189	14,075	9,588	5,526	—	—
Other gains and losses	356	356	—	—	—	—
Selling and distribution expenses	(14,201)	(6,280)	(7,921)	—	—	—
Administrative expenses	(201,821)	(157,806)	(33,641)	(10,374)	—	—
Finance costs	(2,444)	(2,422)	—	(22)	—	—
Impairment losses on financial assets, net	(20,178)	(18,258)	(1,920)	—	—	—
Impairment losses on an other intangible assets	(3,588)	—	(3,588)	—	—	—
Other expenses	(7,392)	(7,173)	—	(219)	—	—
Share of profit of joint ventures/associates	35,119	1,072	34,047	—	—	—
Segment results	451,547	259,341	191,370	836	N/A	N/A
Headquarters operating expenses	(121,943)	—	—	—	(121,943)	—
Other profit or loss	103,679	—	—	—	—	103,679
Finance costs	(14,947)	—	—	—	—	(14,947)
Share of profit of associates	(151)	—	—	—	—	(151)
Income tax	(97,864)	—	—	—	—	(97,864)
Net profit or loss	320,321	259,341	191,370	836	(121,943)	(9,283)
Revenue from medical business	6,643,852	3,987,506	2,656,346	—	N/A	N/A

SEGMENT RESULTS

In 2021, the aggregated results of all segments amounted to about RMB632 million, which increased by approximately 39.9% as compared with the previous year, and such year-on-year increase is mainly due to the rapid recovery of the business operation of the member hospitals of the Group when the impact of epidemic in China has been effectively controlled, and the satisfactory business growth of the self-owned hospitals as a whole during the Reporting Period.

On August 30, 2021, the financial statements of Guangdong 999 Brain Hospital, Xukuang Hospital and Huaibei City Mental Health Center have been consolidated into the Group's financial statements. Please find more details in the section headed "Business Review — Consolidating Certain Hospitals" of this announcement. As a result of the abovementioned changes in our financial statements, during the Reporting Period, our financial results have been classified into two segments which are Self-owned Hospitals and IOT/OT Hospitals.

Segment Results — Self-owned Hospitals

During the Reporting Period, the medical business revenue of the self-owned hospital segment increased by 68.1% year-on-year to approximately RMB6.7 billion, and the segment results recorded an increase of 97.7% to approximately RMB513 million, the growth in segment income of the self-owned hospitals is mainly due to improved operating efficiency of existing hospitals, and the completion of the acquisitions of Jinan Zhongqi Hospital and Huaiyin Hospital. The improvement in the segment results of the self-owned hospitals segment was driven by the improvement in operating efficiency of the hospitals due to the further strengthening of the daily operation management of them and their ability to cope with the new normal under the epidemic during the Reporting Period.

CR Hospital Holdings, a wholly-owned subsidiary of the Group, entered into the restructuring agreement with Jing Mei Group in respect of Jing Mei Hospital and its branches on June 28, 2020 and pursuant to which CR Hospital Holdings and Jing Mei Group agreed to establish a sponsorship joint venture and a management joint venture. Such joint ventures shall be owned as to 49% by CR Hospital Holdings and 51% by Jing Mei Group. The contract parties also agreed that Jing Mei Group, the management joint venture and Jing Mei Hospital shall enter into a new OT agreement on terms similar to the original IOT agreement in order to replace the latter, and pursuant to which the management joint venture shall provide hospital management services to the Jing Mei Hospital Group and receive management fee income accordingly. The abovementioned original IOT agreement was then terminated with retrospective effect from December 31, 2019, whilst the new OT agreement retrospectively became effective on January 1, 2020.

Self-owned hospitals	**2021** *RMB'000*	2020 *RMB'000*	Year-on-Year Change *RMB'000*	Percentage *%*
Revenue from medical business	**6,703,230**	3,987,506	2,715,724	68.1%
General healthcare services performance	**137,941**	72,271	65,670	90.9%
Hospital management services fees	**53,269**	47,889	5,380	11.2%
Third-party supply chain service fees	**181,082**	108,683	72,399	66.6%
GPO gross profit	**167,628**	56,093	111,535	198.8%
Profit contribution	**539,920**	284,936	254,984	89.5%
Profit contribution rate	**8.1%**	7.1%	1ppt	
Operating expenses and other profit or loss	**(27,317)**	(25,595)	(1,722)	6.7%
Segment results	**512,603**	259,341	253,262	97.7%
Segment results rate	**7.6%**	6.5%	1.1ppt	

Segment Results — IOT/OT Hospitals

The revenue from medical business of the IOT/OT hospital segment decreased by 40.9% when compared with the prior year, while this segment recorded a YoY decrease of 35.4% in its results, that is due to the classification of Jing Mei Hospital to the category of self-owned hospitals segment.

IOT/OT hospitals	**2021** *RMB'000*	2020 *RMB'000*	Year-on-Year Change *RMB'000*	*Percentage*
Revenue from medical business	**1,569,049**	2,656,346	(1,087,297)	–40.9%
Hospital management services fees	**33,500**	65,058	(31,558)	–48.5%
Third-party supply chain service fees	**54,356**	71,603	(17,247)	–24.1%
GPO gross profit	**70,344**	127,456	(57,112)	–44.8%
Profit contribution	**158,200**	264,117	(105,917)	–40.1%
Profit contribution rate	**10.1%**	9.9%	0.2ppt	
Operating expenses and other profit or loss	**(34,664)**	(72,747)	38,083	–52.4%
Segment results	**123,536**	191,370	(67,834)	–35.4%
Segment profit margin	**7.9%**	7.2%	0.7ppt	

HEADQUARTERS OPERATING EXPENSES

The total operating expenses of the headquarters amounted to approximately RMB139 million in 2021 (FY2020: RMB122 million), accounting for 29.6% of the total administrative expenses of the Group (FY2020: 37.7%). During the period of epidemic in 2020, the Group received the local government exemption for its contributions to the employees' social insurance in a specific period of time. Since the Group did not have such an exemption in 2021, the operating expenses of its headquarters during the Reporting Period recorded an increase as compared with the previous year.

OTHER PROFIT OR LOSS

During the Reporting Period, other loss of the Group totaled approximately RMB206 million (FY2020: other profit of RMB104 million). Other profit or loss includes the Group's interest income, income from wealth management products held, foreign exchange gains or losses and impairments made pursuant to the relevant accounting standards by the Group.

During the year, an one-off impairment (which is non-cash in nature) of approximately RMB213 million has been made on the Group's long-term investment in CR Wugang JV. Since Wuhan Iron and Steel (Group) Corporation No. 2 Staff Hospital, which is one of the sponsored hospitals under such joint venture, incurred an operating loss during the Reporting Period with the figure higher than the budget. The Company engaged an independent valuer to conduct an impairment test of such long-term equity investment item accordingly. The independent valuer then issued a valuation report with the factors including budgeted revenue, discount rate and growth rate being considered, and the Group made the above-mentioned impairment with reference to such report. The said impairment resulted in the Group's recording of a net loss for this accounting item during the Reporting Period.

FINANCE COSTS

During the Reporting Period, the unallocated finance costs of the Group amounted to approximately RMB15.32 million (FY2020: RMB14.95 million), which was mainly due to the increase in the Group's bank loan in relation to its acquisition project(s) and certain other arrangements.

INCOME TAX

The income tax recorded a credit figure of RMB155 million (the income tax charge for 2020 was RMB98 million). The credit figure of income tax item as recorded by the Group during the Reporting Period was mainly due to the reversal of deferred tax liabilities of approximately RMB221 million and RMB53 million, respectively, in relation to the derecognition of sponsorship rights and service contracts resulting from the consolidation of several hospitals in the third quarter of the year and the impairment of the long-term investment in the CR Wugang JV at the end of the year.

NET PROFIT

The Group recorded a net profit of RMB426 million, during the Reporting Period representing a year-on-year increase of approximately 33%.

SPONSORSHIP RIGHTS, SERVICE CONTRACTS AND GOODWILL

The amendments to the respective constitutional documents of the member medical institutions, which are sponsored by our subsidiaries, have been completed pursuant to the requirements under the 'Guiding Opinions on the Pilot Scheme for the Formulation of Hospital Constitutions' jointly issued by the National Health Commission and the National Administration of Traditional Chinese Medicine in May 2018, the model template of public hospital constitution issued by the National Health Commission in December 2019 and the guidelines given by the respective local government authorities. As such, the Group has therefore obtained the practical capability to direct the relevant activities of such medical institutes unilaterally and gained control over them, and their financial statements have therefore gradually been consolidated into the Group's financial statements in 2020 and 2021. Due to the above consolidation, the Group no longer records any sponsorship rights and service contracts related to such sponsored hospitals in the consolidated statement of financial position as at December 31, 2021.

Management of the Company performed impairment reviews of goodwill annually or more frequently if events or changes in circumstances indicated a potential impairment. The recoverable amounts of the cash-generating units to which the goodwill relates were determined based on the fair value under income approach less costs of disposal. These calculations required the use of estimates and professional judgements, and management of the Company involved an external valuer in these calculations. Based on the management's assessment, no impairment was required on the goodwill of the Group as at December 31, 2021.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS, INVESTMENTS IN AND RECEIVABLES FROM JOINT VENTURE(S) AND SUBSEQUENT PLANS FOR MATERIAL CAPITAL INVESTMENTS

The Board considers any single investment with fair value accounting for more than 5% of the total assets of the Group as significant investment. As the Group did not have any single investment accounting for 5% or more of the total assets of the Group as at 31 December 2021, the Group did not have any significant investments.

Investment in UMP Healthcare Holdings

UMP Healthcare Holdings, listed on the Main Board of The Stock Exchange (Stock code 722.HK), is mainly engaged in providing healthcare solutions and service in Hong Kong. Details of investment in UMP Healthcare Holdings have been disclosed in the Company's annual reports in prior years. Pursuant to the relevant accounting standards, the Company has categorized the investment in UMP Healthcare Holdings as financial assets at fair value through profit or loss. As at December 31, 2021, the fair value of our investment in UMP Healthcare Holdings was approximately RMB65.30 million.

Future Plans for Material Investment or Capital Assets

The Directors confirmed that, as at the date of this announcement, there are currently no concrete plans to acquire any material investment or capital assets other than those conducted in the Group's ordinary course of business.

FUTURE OUTLOOK

The medical industry in China is generally large in scale with high development potential. As patients crave for more advanced medical technology and better consultation experience, hospitals need to provide "more professional, more effective and more economical" medical services. The China Resources Group has been providing strong support to CR Medical in light of the positive outlook of the medical industry. During the first year of the 14th Five-Year plan, after numerous researches and review, CR Medical formulated a clear development roadmap. We will remain focused on our core business of provision of medical services in the Beijing-Tianjin-Hebei region, Yangtze River Delta and Greater Bay Area, while strengthening our advantageous specialties and establishing academic specialty hospital clusters. We will strive to develop regional leading comprehensive hospitals and set up regional leading hospital clusters. We will also strengthen boundary management through reorganisation, revitalise our member hospitals through category authorisation and further enhance our synergy with the China Resources Group. By providing thoughtful services, we target to attract more patients to our hospitals. We hope to achieve sustainable development of the medical ecosystem and stable organic growth through group management and efficient operation of the value supply chain. We will also build up our competitive advantages with the characteristics of China Resources through a mature market mechanism and standardised enterprise management. As an advocator of state-owned hospital reform, we will take opportunities to acquire local state-owned hospitals and inject high-quality medical resources from the China Resources Group at opportune times so as to realise external growth. With the corporate vision of "sacrificing for public health", CR Medical is committed to becoming a leading healthcare group in China as well as a pioneer in the reformation of the state-owned healthcare industry.

FINANCIAL REVIEW

Liquidity and Financing

We adopt a prudent treasury management policy to maintain a solid and healthy financial position. The Group funds its operations principally by cash generated from its operations and bank facilities. Its cash requirements relate primarily to operating activities, business expansion, repayment of liabilities as they become due, capital expenditures, interest and dividend payments.

As at December 31, 2021, the Group's consolidated bank balances and cash, certificate of deposit and bank financial products amounted to approximately RMB3.23 billion in total (December 31, 2020: approximately RMB3.09 billion) which were primarily in RMB.

As at December 31, 2021, the Group has obtained offshore revolving term loan facility of HK$4.1 billion (or its equivalent in U.S. dollar or Renminbi). Among which, HK$3.0 billion of the facilities is with no fixed term until further notice by the corresponding banks, whilst the remaining HK$1.1 billion is of the term of one year which shall be automatically renewed if the relevant banks does not notify otherwise. As at December 31, 2021, the Group had interest-bearing bank borrowings of HK$933 million and US$139 million (equivalent to approximately RMB1.65 billion) (December 31, 2020: HK$799 million and RMB12 million (equivalent to approximately RMB684 million)), and unutilized bank facilities of HK$2.09 billion (equivalent to approximately RMB1.71 billion). As at December 31, 2021, the Group's offshore bank borrowings carried interests at floating rates and they would be due within one year.

As at December 31, 2021, on the basis of interest-bearing liabilities (excluding payables to hospitals sponsored by the Group) divided by total assets, the Group's gearing ratio was 15.9% (December 31, 2020: 7.6%). In addition, the carrying value of each of our wealth management products as at December 31, 2021 did not exceed 5% of the Group's total asset value.

Exposure to Fluctuation in Exchange Rates and Other Risks

The Group undertakes certain operating transactions in foreign currencies, which exposes the Group to foreign currency risk, mainly pertaining to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against RMB.

The Group has not used any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and considers hedging against significant foreign exchange exposure should such need arise.

We are also exposed to risk of talent shortage, so we have been taking an active approach to attract, train and retain sufficient qualified doctors, management personnel and other medical staff members, otherwise the business of hospitals affiliated to the

Group would be affected to some degree. Please refer to the paragraph headed "Management Discussion and Analysis — Employees and Remuneration Policy" to this announcement for those measures mentioned above.

We also recognise that our relationship with patients and partners is key to the resilient development of the Group. We strive to provide qualified services and medical staffs with extensive experiences to our patients. By leveraging on sophisticated medical skills and equipment, we try our best to cater to our patients' needs for medical treatments. We also cooperate with our partners to achieve the sustainable development of our business.

Contingent Liabilities

As at December 31, 2021, the Group did not have any contingent liabilities or guarantees that would have a material impact on the financial position or operations of the Group.

Pledge of Assets

As of December 31, 2021, the Group did not have any material pledge of assets.

Subsequent Events

Withdrawal from CMH Fund

On February 14, 2022, Unison Champ (a wholly-owned subsidiary of the Company) and the general partner (the "**General Partner**") of CMH Healthcare Fund, L.P. (the "**CMH Fund**") entered into a letter agreement (the "**Withdrawal Letter**"), pursuant to which Unison Champ requested the General Partner to consent to its withdrawal as a limited partner of the CMH Fund (the "**Limited Partner**") in whole from the CMH Fund (the "**Withdrawal**") and cancellation of its entire interests in the CMH Fund (the "**Cancellation of Interests**") and the General Partner has given its consent to the Withdrawal and the Cancellation of Interests. With effect from the date of the Withdrawal Letter: (i) the General Partner will effectuate the Withdrawal and the Cancellation of Interests pursuant to the relevant clause as set out in the corresponding limited partner agreement; (ii) Unison Champ will cease to be a Limited Partner and will no longer be entitled to any rights of a Limited Partner under the limited partner agreement; and (iii) the General Partner will have no claims or rights of whatsoever kind against Unison Champ, and not make further drawdowns from Unison Champ. The CMH Fund has not made any investment, and accordingly, no distribution and/or other proceeds has been made or distributed to its investors. As of the date of the Withdrawal Letter, other than the debts and liabilities already incurred and owed by the CMH Fund to third party service providers and agents, there is no unliquidated debts and liabilities of the CMH Fund. Pursuant to the Withdrawal Letter, Unison Champ shall not be liable to any expenses, costs or fees incurred exceeding its capital contribution in accordance with the proportion of capital commitment to the CMH Fund amounted to US$617,933. Unison Champ's capital contribution which has not been used in the amount of US$45,091 (the "**Contribution to be returned**") will be returned by the General Partner to

Unison Champ within 30 days upon the date of the Withdrawal Letter (which has been already settled as at the date of this announcement). Except for the amount of the Contribution to be returned, there is no other distribution or payment due and payable by the CMH Fund to Unison Champ and no other liabilities and obligations owed to the Unison Champ by the CMH Fund, and Unison Champ is not entitled to any other payment from the assets of the CMH Fund in respect of the Withdrawal and/or the Cancellation of Interests. Please refer to the announcement of the Company dated February 14, 2022 for further details of the abovementioned arrangement.

EMPLOYEES AND REMUNERATION POLICY

As of December 31, 2021, the Group had a total of 8,454 fulltime employees (December 31, 2020: 4,903 employees). For FY2021, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately RMB1,180 million (FY2020: RMB685 million). The increase in number of staff as well as the corresponding staff cost was mainly due to acquisition and/or consolidation of certain hospitals during the year.

The Group ensured that the remuneration packages of employees remain competitive and the remuneration level of its employees was determined on the basis of performance with reference to the profitability of the Group, industry remuneration standards and market conditions within the general framework of the Group's remuneration system. The Group has also adopted the Share Option Scheme and the Share Award Scheme so as to provide incentives or rewards to eligible participants for their contribution or potential contribution to the Company and/or any of its subsidiaries.

FINAL DIVIDEND

The Board proposes to pay a final dividend of 12 HK cents (equivalent to approximately RMB9.8 cents) per Share for FY2021 (FY2020: final dividend: 8.82 HK cents (equivalent to approximately RMB7.4 cents)). The proposed final dividend will be payable to Shareholders whose names appear on the register of members of the Company on June 13, 2022 (Monday). Based on the number of Shares in issue of the Company as of December 31, 2021, the total amount of final dividends is approximately HK$156 million. Subject to the approval by Shareholders at the annual general meeting to be held on June 2, 2022 (Thursday), it is expected that the final dividend will be distributed on or before July 19, 2022.

The Group is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

DIVIDEND POLICY

According to the dividend policy of the Group, subject to compliance with applicable rules and regulations (including Cayman Islands laws) and the articles of association of the Company, the Company will pay dividend to the Shareholders when the Group recorded net profit during the period and payment of dividend would not affect its normal operation. The Company intends to share its profits with Shareholders in the form of annual dividend and the remaining net profits will be used for the Group's development and operations.

The Company's ability to pay dividends will depend upon, among other things, the general financial condition of the Group, the Group's current and future operations, liquidity position and capital requirement of the Group as well as dividends received from the Company's subsidiaries. The payment of the dividend by the Company is also subject to any restrictions under the Cayman Islands laws and articles of association of the Company.

The dividend policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as rules governing dealings by Directors in the listed securities of the Company.

Having made specific enquiry, the Company confirmed that all members of the Board complied with the Model Code during the year ended December 31, 2021. As senior managers, executives and officers who, because of their offices in the Company, may possess inside information of the Company, they shall comply with the provision of the Model Code. To the best knowledge of the Company, no incident of non-compliance to the Model Code has been committed by such employees during the year ended December 31, 2021.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting to be held on Thursday, June 2, 2022, the register of members of the Company will be closed from Monday, May 30, 2022 to Thursday, June 2, 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as members entitled to attend and vote at the annual general meeting, investors should lodge all transfers of shares accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Friday, May 27, 2022.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, June 9, 2022 to Monday, June 13, 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Wednesday, June 8, 2022.

The 2021 Final Dividend will be payable in cash to each Shareholder in HK$ unless an election is made to receive the same in RMB. Shareholders will be given the option to elect to receive all (but not part) of the 2021 Final Dividend in RMB at the average benchmark exchange rate of HK$ to RMB as published by the People's Bank of China during the five business days ending on June 2, 2022 (inclusive), being the date of the Annual General Meeting. To make such election, Shareholders should complete the Dividend Currency Election Form, which is expected to be despatched to Shareholders in late June 2022 as soon as practicable after the record date of Monday, June 13, 2022 to determine Shareholders' entitlement to the proposed 2021 Final Dividend, and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4: 30 p.m. on Thursday, July 7, 2022. Shareholders who are minded to elect to receive all (but not part) of the 2021 Final Dividend in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant Shareholders by ordinary post on Tuesday, July 19, 2022 at the Shareholders' own risk.

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

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

CORPORATE GOVERNANCE PRACTICES

The Company confirms that it has complied with all material code provisions of CG Code during the year ended December 31, 2021.

The Company will review and commit in making necessary arrangement to comply with all the code provisions under the CG Code and the rising expectations of Shareholders and investors.

AUDIT COMMITTEE

The Company established the Audit Committee in accordance with Rule 3.21 of the Listing Rules and the CG Code on November 4, 2013. Its primary responsibilities include serving as a focal point for communication among other Directors, the external auditor and the internal auditor (where an internal audit function exists) as regards their duties relating to financial and other reporting, risk management and internal controls, external and internal audits and such other financial and accounting matters as the Board determines from time to time, assisting the Board in providing an independent review on the effectiveness of the financial reporting system, risk management and internal control systems of the Group and overseeing the audit procedure, reviewing the Group's financial and accounting policies and practices and performing other duties and responsibilities as designated by the Board.

The Audit Committee currently comprises one non-executive Director, namely Mr. Hu Hui and two independent non-executive Directors, namely Mr. Kwong Kwok Kong (committee chairman) and Ms. Chiu Kam Hing Kathy. The Audit Committee, together with the management of the Company, has reviewed the accounting principles, accounting standards and methods adopted by the Company, discussed the matters concerning risk management and internal control, auditing and financial reporting matters and reviewed the annual results and the consolidated financial statements of the Group for the year ended December 31, 2021.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out in the preliminary announcement have been agreed by the Company's auditor, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

OTHER INFORMATION

Yan Hua IOT Agreement Dispute

On January 21, 2019, the Company received a letter from Yan Hua Phoenix and Yan Hua Hospital to unilaterally terminate the Yan Hua IOT Agreement with effect from January 21, 2019. On April 17, 2019, the Group has submitted the civil claim statement against Yan Hua Phoenix and Yan Hua Hospital in relation to the Yan Hua IOT Agreement dispute to Beijing Second Intermediate People's Court on the even date to seek the court's ruling that the unilateral termination of Yan Hua IOT Agreement by Yan Hua Phoenix and Yan Hua Hospital on January 21, 2019 shall be void and that Yan Hua Phoenix and Yan Hua Hospital should be liable for damages for breach of the Yan Hua IOT Agreement. On December 18, 2019, the Beijing Second Intermediate People's Court handed down the civil judgment ([2019] Jing 02 Minchu No.304) and the major details are as follows: (1) the unilateral termination of Yan Hua IOT Agreement by Yan Hua Phoenix and Yan Hua Hospital is declared to be void and that the parties shall continue to perform its obligations under the Yan Hua IOT Agreement; (2) the amount of RMB14,400,000, being the damages for breach of the Yan Hua IOT Agreement, is to be paid by Yan Hua Phoenix to CR Hospital Management & Consulting; (3) other reliefs sought by CR Hospital Management & Consulting shall be dismissed; and (4) other counterclaims of Yan Hua Phoenix and Yan Hua Hospital shall be dismissed. In January 2020, Yan Hua Phoenix and Yan Hua Hospital filed an appeal on the Original Judgment to Beijing Higher People's Court, and the relevant court hearing was held on October 26, 2020. On November 22, 2021, the Beijing Higher People's Court handed down a civil judgment (2020 Jing Minzhong No.110) which rejects the abovementioned appeal filed by Yan Hua Phoenix and Yan Hua Hospital and upholds the Original Judgment, and adjudged that such ruling shall be final. The Company will use its best endeavours and take all appropriate actions to protect the interests of the Company and the Shareholders. The Company will make further announcement in accordance with the Listing Rules as and when appropriate.

Please refer to the announcements published by the Company on January 15, 2019, January 21, 2019, April 17, 2019 and November 23, 2021 for more details.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.crmedical.hk), and the 2021 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the above websites in due course.

In this announcement, the terms "associate", "connected person" and "subsidiary" shall have the same meanings given to such terms in the Listing Rules, unless the context otherwise requires.

"Articles of Association" or "Articles"	the articles of association of our Company adopted on September 30, 2013 and as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of our Company
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chairman"	the chairman of our Board
"Chief Executive Officer"	the chief executive officer of the Company
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this announcement, Taiwan, the Macau Special Administrative Region and Hong Kong
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company" or "CR Medical"	China Resources Medical Holdings Company Limited (華潤醫療控股有限公司), a company incorporated in the Cayman Islands with limited liability on February 28, 2013
"CR Hospital Management & Consulting"	China Resources Hospital Management & Consulting Co. Ltd. (華潤醫院管理諮詢有限公司) (formerly known as Beijing Phoenix United Hospital Management Consulting Co. Ltd. (北京鳳凰聯合醫院管理諮詢有限公司), Beijing Phoenix United Hospital Management Co., Ltd. (北京鳳凰聯合醫院管理有限公司) and Beijing Phoenix United Hospital Management Joint Stock Co., Ltd. (北京鳳凰聯合醫院管理股份有限公司)), a limited liability company established under the laws of the PRC on November 6, 2007, and a wholly-owned subsidiary of our Company
"CR Hospital Holdings"	China Resources Hospital Holdings Company, a company established in the PRC with limited liability and a subsidiary of the Company

"CR Wugang JV"	China Resources Wugang (Hubei) Hospital Management Co., Ltd.* (華潤武鋼(湖北)醫院管理有限公司), a company incorporated in China with limited liability，which is 51% held by the Group and 49% held by Wugang Group Co., Ltd.* (武鋼集團有限公司)
"Director(s)"	the directors of our Company or any of them
"FY2020"	the financial year ended December 31, 2020
"FY2021"	the financial year ended December 31, 2021
"Group", "our Group", "we" or "us"	our Company and its subsidiaries
"HK$" or "HKD" and "HK cent(s)" or "cent(s)"	Hong Kong dollar and cent(s) respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huaikuang Hospital"	Huaibei Miner General Hospital* (淮北礦工總醫院)
"Huaikuang Hospital Group"	collectively, Huaikuang Hospital and certain affiliated hospitals and community clinics
"IAS"	International Accounting Standard
"IFRSs"	International Financial Reporting Standards
"IOT"	the "invest-operate-transfer" model
"IOT Hospitals"	third-party hospitals and clinics, which we manage and operate under the IOT model
"Jian Gong Hospital"	Beijing Jian Gong Hospital Co., Ltd.* (北京市健宮醫院有限公司), a limited liability company established under the laws of the PRC on May 12, 2003 and a subsidiary of our Company, and its predecessor, Beijing Construction Worker Hospital (北京市建築工人醫院), before its reform

"Jing Mei Group"	Beijing Jing Mei Group Company Limited* (北京京煤集團有限公司), a company incorporated in the PRC with limited liability and a wholly state-owned enterprise under the State-owned Assets Supervision and Administration Commission of Beijing
"Jing Mei Hospital"	Jing Mei Hospital* (北京京煤集團總醫院)
"Jing Mei Hospital Group"	collectively, Jing Mei Hospital and its affiliated hospitals and community clinics
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mentougou Hospital"	Beijing Mentougou Hospital (北京市門頭溝區醫院), a not-for-profit hospital established under the laws of the PRC in 1951 and wholly owned by the Mentougou District government, which we began managing in July 2010 pursuant to the Mentougou IOT Agreement
"Mentougou Hospital for Women and Children"	Beijing Mentougou Hospital for Women and Children (北京市門頭溝區婦幼保健院) incorporated under the laws of the PRC in 1983 and wholly owned by the Mentougou District government, which we began managing in September 2014 pursuant to the Mentougou Hospital for Women and Children IOT Agreement
"Mentougou Hospital for Women and Children IOT Agreement"	the IOT agreement we entered into with the Mentougou District government on September 23, 2014
"Mentougou IOT Agreement"	collectively, the IOT agreement we entered into with the Mentougou District government on July 30, 2010, as amended
"Mentougou TCM Hospital IOT Agreement"	the IOT agreement we entered into with the Mentougou District government on June 6, 2012
"Mentougou Traditional Chinese Medicine Hospital"	Beijing Mentougou Traditional Chinese Medicine Hospital (北京市門頭溝區中醫院), a not-for-profit hospital established under the laws of the PRC in 1956 and wholly owned by the Mentougou District government, which we began managing in June 2012 pursuant to the Mentougou TCM Hospital IOT Agreement

"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"OT"	the "operate-transfer" model
"OT Hospital"	third-party hospital which we manage and operate under the OT model
"Reporting Period"	the period from January 1, 2021 to December 31, 2021
"RMB"	Renminbi, the lawful currency of the PRC
"Run Neng Hospitals"	collectively, Guangdong CEEC Power Hospital* (廣東中能建電力醫院), Beijing CEEC Hospital* (北京中能建醫院), Guangxi Hydropower Hospital* (廣西水電醫院) and CEEC Anhui Hospital* (中能建安徽醫院)
"Share(s)"	share(s) with par value of HK$0.00025 each in the capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Award Scheme"	the share award scheme of the Company adopted by the Board pursuant to a resolution passed by the Board on July 7, 2014, as amended by the Board on May 25, 2015 and August 31, 2018
"Share Option Scheme"	the share option scheme conditionally adopted by the Company pursuant to a resolution passed by our Shareholders on September 30, 2013
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"UMP Healthcare Holdings"	UMP Healthcare Holdings Limited (聯合醫務集團有限公司), a limited liability company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange (Stock Code: 722)
"Unison Champ"	Unison Champ Premium Limited (formerly known as Unison Champ Limited), a company incorporated under the laws of BVI and a wholly-owned subsidiary of the Company
"United States" or "U.S."	the United States of America, its territories and possessions, and all areas subject to its jurisdiction

"U.S. dollar" or "US$"	United States dollar, the lawful currency of the United States
"Wugang Hospital"	China Resources Wugang General Hospital* (華潤武鋼總醫院)
"Wugang Hospital Group"	collectively, Wugang Hospital, Wuhan Iron and Steel (Group) Corporation No. 2 Staff Hospital* (武漢鋼鐵(集團)公司第二職工醫院) and certain affiliated hospitals and community clinics
"Xukuang Hospital"	Xuzhou Mining Hospital* (徐州市礦山醫院)
"Yuenianhua Rehiabilitation Hospital"	Nanning Yuenianhua Rehabilitation Hospital Co. Ltd.* (南寧市悅年華康復醫院有限公司), a limited company established under the laws of the PRC and a for profit hospital focusing on rehabilitation specially

* *Denotes English translation of the name of a Chinese entity is provided for identification purpose only.*

By Order of the Board
China Resources Medical Holdings Company Limited
CHENG Libing
Executive Director & Chief Executive Officer

Beijing, March 25, 2022

As at the date of this announcement, the Board comprises Mr. SONG Qing, Mr. CHENG Libing, Ms. REN Yuan and Mr. SHAN Baojie as executive Directors; Mr. HU Hui as non-executive Director; Mr. WU Ting Yuk, Anthony, Mr. KWONG Kwok Kong, Ms. CHIU Kam Hing Kathy and Mr. LEE Kar Chung Felix as independent non-executive Directors.