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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, 2022

FINANCIAL HIGHLIGHTS

	2022	2021
Revenue (RMB'000)	5,620,461	4,447,477
Profit for the year attributable to owners of the parent (RMB'000)	138,974	417,915
Earnings per share attributable to owners of the parent (Basic & diluted) (RMB)	0.11	0.33
Proposed final dividend per share (HK\$)	3.7 cents	12.0 cents

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, 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
REVENUE	4	5,620,461	4,447,477
Cost of sales		<u>(4,649,321)</u>	<u>(3,513,922)</u>
Gross profit		971,140	933,555
Other income	5	185,938	120,700
Other gains and losses, net	6	(153,044)	(619)
Selling and distribution expenses		(19,532)	(16,782)
Administrative expenses		(628,750)	(471,447)
Finance costs		(48,763)	(17,834)
Impairment losses on financial and contract assets, net		(37,264)	(131,460)
Impairment loss on an other intangible asset		—	(11,150)
Impairment loss on an investment in a joint venture		—	(212,679)
Impairment loss of goodwill		(108,324)	—
Other expenses		(7,056)	(5,363)
Share of profits and losses of:			
A joint venture		(4,217)	1,519
Associates		92,285	82,035
PROFIT BEFORE TAX	7	242,413	270,475
Income tax (expense)/credit	8	(83,071)	155,389
PROFIT FOR THE YEAR		<u>159,342</u>	<u>425,864</u>
Attributable to:			
Owners of the parent		138,974	417,915
Non-controlling interests		20,368	7,949
		<u>159,342</u>	<u>425,864</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic (RMB yuan)		<u>0.11</u>	<u>0.33</u>
Diluted (RMB yuan)		<u>0.11</u>	<u>0.33</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>159,342</u>	<u>425,864</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Re-measurement (losses)/gains on defined benefit plan	<u>(457)</u>	<u>8,453</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>158,885</u>	<u>434,317</u>
Attributable to:		
Owners of the parent	138,576	424,517
Non-controlling interests	<u>20,309</u>	<u>9,800</u>
	<u>158,885</u>	<u>434,317</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,933,225	1,754,607
Right-of-use assets		357,708	363,835
Goodwill		2,339,498	2,276,258
Other intangible assets		68,657	75,351
Investment in a joint venture		—	302,940
Investments in associates		980,453	961,710
Receivables from invest-operate-transfer (“IOT”) hospitals		54,965	58,898
Financial assets at fair value through profit or loss (“FVTPL”)		65,604	65,301
Other financial assets at amortised cost		526,586	597,670
Deferred tax assets		26,303	10,181
Other non-current assets		76,269	76,269
		<hr/>	<hr/>
Total non-current assets		6,429,268	6,543,020
CURRENT ASSETS			
Inventories		217,347	185,075
Trade and bills receivables	11	796,107	766,603
Contract assets		21,872	27,560
Prepayments, deposits and other receivables		312,842	298,529
Due from related parties		22,670	7,141
Other financial assets at amortised cost		324,301	311,031
Restricted and pledged bank deposits		1,152	4,592
Cash and cash equivalents		2,977,543	2,324,051
		<hr/>	<hr/>
Total current assets		4,673,834	3,924,582

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables	12	916,921	827,574
Other payables and accruals		745,871	757,989
Due to related parties		147,007	126,283
Payables to hospitals sponsored by the Group (the “Sponsored Hospitals”)		—	166
Interest-bearing bank and other borrowings		1,012,756	1,665,899
Lease liabilities		35,052	22,225
Deferred income		2,488	817
Tax payable		30,614	42,781
		<hr/>	<hr/>
Total current liabilities		2,890,709	3,443,734
		<hr/>	<hr/>
NET CURRENT ASSETS		1,783,125	480,848
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,212,393	7,023,868
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		32,189	40,250
Retirement benefit obligations		51,763	37,478
Deferred income		23,734	4,117
Deferred tax liabilities		71,316	95,251
Provision		1,431	327
Interest-bearing bank borrowings		1,007,636	—
Other liabilities		26,271	—
		<hr/>	<hr/>
Total non-current liabilities		1,214,340	177,423
		<hr/>	<hr/>
Net assets		6,998,053	6,846,445
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		267	267
Reserves		6,461,622	6,450,509
		<hr/>	<hr/>
		6,461,889	6,450,776
Non-controlling interests		536,164	395,669
		<hr/>	<hr/>
Total equity		6,998,053	6,846,445
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NOTES

December 31, 2022

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 3	<i>Reference to the Conceptual Framework</i>
Amendment to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendment to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Annual Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the Conceptual Framework for Financial Reporting (the “**Conceptual Framework**”) issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Annual Improvements to IFRSs 2018–2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:
 - IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group’s financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

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 the consolidated 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 disposal of a subsidiary, 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 losses on goodwill and other intangible assets, equity-settled share-based payment expense, unallocated finance costs, foreign exchange differences, net, unallocated share of profits 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.

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 2022

	Self-owned hospitals RMB'000	IOT/OT hospitals RMB'000	Others RMB'000	Total RMB'000
External revenues				
General healthcare services	4,774,339	—	—	4,774,339
Hospital management services	—	25,939	—	25,939
Third-party supply chain service fees	12,940	40,007	—	52,947
GPO business	391,125	364,691	—	755,816
Other hospital-derived services	—	—	11,420	11,420
Inter-segment revenue				
General healthcare services	12,108	—	—	12,108
Hospital management services	101,662	—	—	101,662
Third-party supply chain service fees	120,385	—	—	120,385
GPO business	349,638	—	—	349,638
Other hospital-derived services	9,352	—	827	10,179
Segment revenue	5,771,549	430,637	12,247	6,214,433
Eliminations	(593,145)	—	(827)	(593,972)
Consolidated revenue	5,178,404	430,637	11,420	5,620,461
Segment cost	(4,331,592)	(301,954)	(15,775)	(4,649,321)
Other income	68,091	7,555	6,794	82,440
Other gains and losses, net	(113)	—	—	(113)
Selling and distribution expenses	(14,274)	(4,684)	(479)	(19,437)
Administrative expenses	(508,703)	(20,811)	(11,270)	(540,784)
Finance costs	(3,936)	—	(13)	(3,949)
Impairment losses on financial and contract assets, net	(31,592)	—	(384)	(31,976)
Other expenses	(6,924)	—	(18)	(6,942)
Share of losses of a joint venture	(4,217)	—	—	(4,217)
Share of profits of associates	92,285	—	—	92,285
Segment results	437,429	110,743	(9,725)	538,447
Fair value gains on financial assets at FVTPL				5,629
Dividend income on a financial asset at FVTPL				3,249
Gain on deregistration of a subsidiary				44
Gain on disposal of a subsidiary				283
Investment income on financial assets at FVTPL				25,115
Investment income on other financial assets at amortised cost				31,777
Unallocated interest and investment income				26,113
Unallocated impairment losses on financial and contract assets, net				(5,288)
Impairment loss on goodwill				(108,324)
Equity-settled share-based payment expense				(2,164)
Unallocated finance costs				(44,814)
Foreign exchange differences, net				(158,878)
Other unallocated income				17,244
Other unallocated losses				(9)
Other unallocated administrative expenses				(85,897)
Other unallocated expenses				(114)
Profit before tax				242,413

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

Segment assets and liabilities**As at 31 December 2022**

	Self-owned hospitals RMB'000	IOT/OT hospitals RMB'000	Others RMB'000	Total RMB'000
Segment assets	<u>5,652,671</u>	<u>239,809</u>	<u>72,293</u>	<u>5,964,773</u>
Goodwill				2,339,498
Financial assets at FVTPL				65,604
Other financial assets at amortised cost				850,887
Restricted and pledged bank deposits				1,152
Cash and cash equivalents				2,977,543
Corporate and other unallocated assets				1,667,338
Elimination of inter-segment receivables				<u>(2,763,693)</u>
Total assets				<u><u>11,103,102</u></u>
Segment liabilities	<u>2,343,573</u>	<u>26,623</u>	<u>46,744</u>	<u>2,416,940</u>
Interest-bearing bank and other borrowings				2,020,392
Corporate and other unallocated liabilities				2,431,410
Elimination of inter-segment payables				<u>(2,763,693)</u>
Total liabilities				<u><u>4,105,049</u></u>

As at 31 December 2021

	Self-owned hospitals <i>RMB'000</i>	IOT/OT hospitals <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	<u>3,146,178</u>	<u>256,595</u>	<u>75,389</u>	<u>3,478,162</u>
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				<u>(814,378)</u>
Total assets				<u><u>10,467,602</u></u>
Segment liabilities	<u>1,651,377</u>	<u>23,589</u>	<u>62,804</u>	<u>1,737,770</u>
Interest-bearing bank and other borrowings				1,646,624
Corporate and other unallocated liabilities				1,051,141
Elimination of inter-segment payables				<u>(814,378)</u>
Total liabilities				<u><u>3,621,157</u></u>

Geographical information**(a) Revenue from external customers**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Mainland China/the PRC	<u><u>5,620,461</u></u>	<u><u>4,447,477</u></u>

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, excluding financial instruments and deferred tax assets, are located in the PRC.

4. REVENUE

An analysis of revenue is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers	<u>5,620,461</u>	<u>4,447,477</u>

Revenue from contracts with customers

Disaggregated revenue information

For the year ended 31 December 2022

	General healthcare services <i>RMB'000</i>	Hospital management services <i>RMB'000</i>	GPO business <i>RMB'000</i>	Other hospital- derived services <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services						
General healthcare services						
In-patient	2,705,926	—	—	—	—	2,705,926
Out-patient	2,080,521	—	—	—	(12,108)	2,068,413
	<u>4,786,447</u>	—	—	—	(12,108)	4,774,339
Hospital management services						
From self-owned hospitals	—	101,662	—	—	(101,662)	—
From IOT hospitals	—	18,769	—	—	—	18,769
From OT hospitals	—	7,170	—	—	—	7,170
From third party suppliers	—	173,332	—	—	(120,385)	52,947
	—	300,933	—	—	(222,047)	78,886
GPO business						
From self-owned hospitals	—	—	740,763	—	(349,638)	391,125
From IOT hospitals	—	—	364,691	—	—	364,691
	—	—	1,105,454	—	(349,638)	755,816
Other hospital-derived services						
	—	—	—	21,599	(10,179)	11,420
Total	<u>4,786,447</u>	<u>300,933</u>	<u>1,105,454</u>	<u>21,599</u>	<u>(593,972)</u>	<u>5,620,461</u>
Timing of revenue recognition						
A point in time	2,080,521	—	1,105,454	21,599	(371,925)	2,835,649
Over time	2,705,926	300,933	—	—	(222,047)	2,784,812
Total	<u>4,786,447</u>	<u>300,933</u>	<u>1,105,454</u>	<u>21,599</u>	<u>(593,972)</u>	<u>5,620,461</u>

For the year ended 31 December 2021

	General healthcare services <i>RMB'000</i>	Hospital management services <i>RMB'000</i>	GPO business <i>RMB'000</i>	Other hospital- derived services <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services						
General healthcare services						
In-patient	1,587,188	—	—	—	—	1,587,188
Out-patient	1,501,357	—	—	—	—	1,501,357
	<u>3,088,545</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,088,545</u>
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
	<u>—</u>	<u>397,695</u>	<u>—</u>	<u>—</u>	<u>(92,183)</u>	<u>305,512</u>
GPO business						
From self-owned hospitals	—	—	887,901	—	(225,643)	662,258
From IOT hospitals	—	—	365,987	—	—	365,987
	<u>—</u>	<u>—</u>	<u>1,253,888</u>	<u>—</u>	<u>(225,643)</u>	<u>1,028,245</u>
Other hospital-derived services						
	<u>—</u>	<u>—</u>	<u>—</u>	<u>44,921</u>	<u>(19,746)</u>	<u>25,175</u>
Total	<u><u>3,088,545</u></u>	<u><u>397,695</u></u>	<u><u>1,253,888</u></u>	<u><u>44,921</u></u>	<u><u>(337,572)</u></u>	<u><u>4,447,477</u></u>
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
	<u>1,501,357</u>	<u>397,695</u>	<u>1,253,888</u>	<u>44,921</u>	<u>(245,389)</u>	<u>2,554,777</u>
Total	<u><u>3,088,545</u></u>	<u><u>397,695</u></u>	<u><u>1,253,888</u></u>	<u><u>44,921</u></u>	<u><u>(337,572)</u></u>	<u><u>4,447,477</u></u>

5. OTHER INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest and investment income on:		
Financial assets at FVTPL	25,115	24,837
Other financial assets at amortised cost	31,777	19,276
Receivables from IOT hospitals	7,555	7,915
Bank deposits	26,113	23,844
Loan to a Sponsored Hospital	—	1,574
Dividend income on a financial asset at FVTPL	3,249	2,795
Government grants	11,507	2,938
Canteen income	31,249	15,718
Compensation received	14,725	—
Others	34,648	21,803
	<u>185,938</u>	<u>120,700</u>

6. OTHER GAINS AND LOSSES, NET

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Fair value gains/(losses) on financial assets at FVTPL	5,629	(27,417)
Foreign exchange differences, net	(158,878)	26,798
Gain on disposal of a subsidiary	283	—
Gain on deregistration of a subsidiary	44	—
Gain on lease termination	201	—
Loss on disposal of items of property, plant and equipment	(323)	—
	<u>(153,044)</u>	<u>(619)</u>

7. PROFIT BEFORE TAX

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

	2022	2021
	RMB'000	RMB'000
Cost of inventories sold	2,706,662	2,301,267
Depreciation of property, plant and equipment	275,565	153,535
Depreciation of right-of-use assets	50,224	22,651
Amortisation of intangible assets (included in cost of sales)	6,694	6,693
	<hr/>	<hr/>
Total depreciation and amortisation	332,483	182,879
	<hr/>	<hr/>
Impairment of trade receivables, net*	30,967	77,647
Impairment of financial assets (included in prepayments, deposits and other receivables)*	37	37,272
Impairment of trade receivables due from related parties*	12	—
Impairment losses on contract assets, net*	7,248	—
(Reversal of impairment of)/impairment of receivables from IOT hospitals*	(1,000)	16,541
	<hr/> <hr/>	<hr/> <hr/>

* Included in "Impairment losses on financial and contract 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% (2021: 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 (2021: Nil).

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current — Mainland China		
Charge for the year	122,727	129,388
Underprovision in prior years	401	2,591
Deferred	(40,057)	(287,368)
	<hr/>	<hr/>
Total tax charge/(credit) for the year	83,071	(155,389)
	<hr/> <hr/>	<hr/> <hr/>

9. DIVIDENDS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Dividend recognised as distribution during the year:		
Final 2021 — HK12.0 cents (2020: HK8.82 cents) per ordinary share	133,042	94,054
Less: Dividend for shares held under the Share Award Scheme	(3,441)	(2,978)
	<hr/>	<hr/>
	129,601	91,076
	<hr/> <hr/>	<hr/> <hr/>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period:		
Proposed final 2022 — HK3.70 cents (2021: HK12.0 cents) per ordinary share	47,977	155,601
	<hr/> <hr/>	<hr/> <hr/>

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 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 1,262,019,000 (2021: 1,255,952,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2022.

The weighted average number of shares used for the purpose of calculating the diluted earnings per share for the year ended 31 December 2021 has been arrived at after adjusting the effect of shares awarded under the Share Award Scheme.

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

	2022 RMB'000	2021 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	<u>138,974</u>	<u>417,915</u>
	Number of shares	
	2022 '000	2021 '000
Shares		
Weighted average number of ordinary shares in issue during the year for the purpose of the basic earnings per share calculation	1,262,019	1,255,952
Effect of dilution — weighted average number of ordinary shares: Shares awarded under the Share Award Scheme	<u>—</u>	<u>7,777</u>
Weighted average number of ordinary shares in issue during the year for the purpose of the diluted earnings per share calculation	<u>1,262,019</u>	<u>1,263,729</u>

11. TRADE AND BILLS RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables		
Public health insurance programs and social organisation	689,565	510,076
Other customers	240,514	339,717
Bills receivables	<u>720</u>	<u>370</u>
	930,799	850,163
Impairment	<u>(134,692)</u>	<u>(83,560)</u>
	<u><u>796,107</u></u>	<u><u>766,603</u></u>

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	745,520	673,611
1 to 2 years	46,273	45,678
2 to 3 years	1,832	47,314
Over 3 years	<u>2,482</u>	<u>—</u>
	<u><u>796,107</u></u>	<u><u>766,603</u></u>

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 60 days	400,598	561,418
61 to 180 days	349,846	209,643
Over 180 days	166,477	56,513
	<u>916,921</u>	<u>827,574</u>

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

13. BUSINESS COMBINATIONS

On 30 January 2022, the Group executed certain operational agreement (“**Agreement**”) of China Resource Wugang (Hubei) Hospital Management Co., Ltd. (“**CR Wugang**”) with Wugang Group Co., Ltd. (“**Wugang Shareholder**”), an independent third party and shareholder of CR Wugang, in which the Group had obtained the practical ability to direct the relevant activities of CR Wugang unilaterally. The principal activities of CR Wugang and its sponsored hospitals (collectively referred to as “**CR Wugang Group**”), namely Wugang Hospital and Wuhan Iron and Steel (Group) Corporation No. 2 Staff Hospital, are engaged in hospital operation.

By virtue of the Agreement, the Group is exposed or has rights to variable returns from its involvement in CR Wugang Group and has ability to affect those returns through its power over CR Wugang Group (including rights that give the Group the practical ability to direct the relevant activities unilaterally). Accordingly, the assets and liabilities of CR Wugang Group were consolidated in the Group’s financial statements thereafter.

Prior to the business combination, the Group held 51% equity interest of CR Wugang Group and accounted for its equity interest of CR Wugang as investment in a joint venture. Accordingly, the fair value of the investment in the joint venture of RMB297,535,000 as at 30 January 2022 formed the consideration for the business combination. Goodwill recognised on this business combination amounted to RMB171,564,000.

The Group has elected to measure the non-controlling interests in CR Wugang Group at the non-controlling interests’ proportionate share of the CR Wugang Group’s identifiable net assets.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue and Operating Profit

The Group achieved a consolidated revenue of RMB5,620 million for the year ended December 31, 2022 (2021: RMB4,447 million); the increase in revenue was mainly attributable to the improved operating efficiency as well as the effects in relation to the consolidation of certain hospitals.

During the Reporting Period, the Group recorded a net profit of RMB159 million (2021: RMB426 million) and earnings per share of RMB0.11 (2021: RMB0.33 per share). Net profit decreased 62.6% year-on-year, which was mainly attributable to the operating losses and impairments incurred in relation to the equity interests of Huaiyin Hospital, which was acquired by the Group in 2021, as well as exchange losses due to the relatively significant depreciation of RMB during the Reporting Period.

In 2022, the material impairments to the accounting items of the Group include impairment of approximately RMB108 million in respect of the goodwill of the Huaiyin Hospital project. The provision for Huaiyin Hospital's government purchase service fee receivables is approximately RMB45 million, which were non-cash and non-recurring in nature. In addition, because of the impacts of the relatively significant depreciation of RMB during the Reporting Period on the outstanding offshore loans of approximately HKD2.2 billion held by the Group, the Group suffered an exchange loss of RMB159 million, which was non-cash in nature.

Scale of our operation

As of December 31, 2022, the Group manages and operates 116 medical institutions in 8 provinces and cities in China, and the number of annual outpatient visits of the Group's member hospitals was approximately 15,270,000, representing an increase of 41.6% compared with 2021. The annual number of inpatient visits was approximately 286,000, representing an increase of 1.5% compared with 2021.

Consolidating the Wugang Hospital Group

Since the corresponding documents in relation to the daily operation arrangement of CR Wugang JV have been executed between it and the Company, the Group has obtained the practical capability to direct the relevant activities of the CR Wugang JV unilaterally and gained control over the CR Wugang JV, and its financial statements have been retrospectively consolidated into the Group's financial statements since January 30, 2022. In addition, since the corresponding documents in relation to the daily operation arrangement of the Wugang Hospital Group have been executed between it and the CR Wugang JV, together with the effect of the previous constitution amendments on the above hospitals, the Group has obtained the practical capability to direct the relevant activities of such hospitals unilaterally and gained control over them, and therefore the financial statements of the Wugang Hospital Group have been retrospectively consolidated into the Group's financial statements since January 30, 2022.

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

Province/City	Grade 3 Hospitals	Grade 2 Hospitals	Grade 1 Hospitals and Community Centres		Clinics & Other Medical Institutions	Total
Beijing	3	4	10		29	46
Shandong	—	2	2		9	13
Shanxi	—	1	—		—	1
Jiangsu	—	2	—		—	2
Anhui	1	1	19		5	26
Hubei	2	—	3		16	21
Guangdong	1	1	—		2	4
Guangxi	—	2	1		—	3
Total	7	13	35		61	116

Operating data for Year 2022

Type	Number of beds in operation	Utilization rate of beds	Number of patients		Revenue from medical business (RMB'000)			Total
			Number of outpatients	Number of inpatients	Revenue from outpatient visits	Revenue from inpatient visits	Revenue from physical examination	
Self-owned Hospitals ^(Note)	9,589	76%	10,226,580	251,311	3,123,049	3,524,379	113,307	6,760,735
IOT/OT Hospitals	1,526	54%	5,040,077	34,841	1,035,704	497,370	42,649	1,575,723
Subtotal	11,115	73%	15,266,657	286,152	4,158,753	4,021,749	155,956	8,336,458

Operating data for Year 2021

Type	Number of beds in operation	Utilization rate of beds	Number of patients		Revenue from medical business (RMB'000)			Total
			Number of outpatients	Number of inpatients	Revenue from outpatient visits	Revenue from inpatient visits	Revenue from physical examination	
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

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 2022

2022 RMB'000	Total	Segment results			Administrative expenses	Other gains and expenses
		Self-owned hospitals	IOT/OT hospitals	Other derived businesses		
Revenue from goods and services	5,620,461	5,178,404	430,637	11,420	—	—
Cost of sales and services	(4,649,321)	(4,331,592)	(301,954)	(15,775)	—	—
Other income	82,440	68,091	7,555	6,794	—	—
Other gains and losses	(113)	(113)	—	—	—	—
Selling and distribution expenses	(19,437)	(14,274)	(4,684)	(479)	—	—
Administrative expenses	(540,784)	(508,703)	(20,811)	(11,270)	—	—
Finance costs	(3,949)	(3,936)	—	(13)	—	—
Impairment losses on financial assets, net	(31,976)	(31,592)	—	(384)	—	—
Other expenses	(6,942)	(6,924)	—	(18)	—	—
Share of profit of joint ventures/associates	88,068	88,068	—	—	—	—
Segment results	538,447	437,429	110,743	(9,725)	N/A	N/A
Headquarters operating expenses	(88,061)	—	—	—	(88,061)	—
Other profit or loss	(163,159)	—	—	—	—	(163,159)
Finance costs	(44,814)	—	—	—	—	(44,814)
Income tax	(83,071)	—	—	—	—	(83,071)
Net profit or loss	159,342	437,429	110,743	(9,725)	(88,061)	(291,044)

Notes:

During the Reporting Period:

- (1) Self-owned hospitals include: Jian Gong Hospital, Jinan Bei Cheng Hospital (previously known as Jinan Zhong Qi Hospital), Huaikuang Hospital Group, the Run Neng Hospitals, Guangdong 999 Brain Hospital, Xukuang Hospital and Huaibei City Mental Health Center, Wugang Hospital Group (since January 31, 2022) and also Huaiyin Hospital. This segment also includes the return on the Group's investments to Jing Mei Hospital and the Wugang Hospital Group (up to January 30, 2022).
- (2) IOT hospitals include: Mentougou Hospital, Mentougou Traditional Chinese Medicine Hospital, Mentougou Hospital for Women and Children, Shunyi District Konggang Hospital and the Second Hospital of Shunyi District.
- (3) OT hospitals include: Yantai Zhifu Hospital and Yuenianhua Rehabilitation Hospital.

Financial data for Year 2021

2021 RMB'000	Segment results					
	Total	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)

SEGMENT RESULTS

In 2022, the aggregated results of all segments amounted to about RMB538 million, which decreased by approximately 14.8% as compared with the previous year and was mainly due to the operating loss and the impairment of accounts receivable incurred by Huaiyin Hospital.

Since January 30, 2022, the financial statements of the Wugang Hospital Group have been consolidated into the Group's financial statements. Please find more details in the section headed "Business Review — Consolidating the Wugang Hospital Group" of this announcement.

Segment Results — Self-owned Hospitals

During the Reporting Period, the medical business revenue of the self-owned hospital segment increased by 0.9% year-on-year to approximately RMB6.76 billion, and the segment results recorded a decrease of 14.7% to approximately RMB437 million. The revenue growth of the self-owned hospital segment was mainly due to the improvement in operating efficiency of our existing hospitals. The segment results of the self-owned hospitals (except Huaiyin Hospital) decreased by 0.5%, mainly due to the impact of healthcare policy changes in some regions.

Self-owned hospitals	2022	2021	Year-on-Year Change	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>Percentage</i>
Revenue from medical business	6,760,735	6,703,230	57,505	0.9%
General healthcare services performance	287,318	137,941	149,377	108.3%
Hospital management services fees	46,857	53,269	(6,412)	-12.0%
Third-party supply chain service fees	35,524	181,082	(145,558)	-80.4%
GPO gross profit	144,386	167,628	(23,242)	-13.9%
Profit contribution	514,085	539,920	(25,835)	-4.8%
Profit contribution rate	7.6%	8.1%	-0.5ppt	
Operating expenses and other profit or loss	(76,656)	(27,317)	(49,339)	180.6%
Segment results	437,429	512,603	(75,174)	-14.7%
Segment results rate	6.5%	7.6%	-1.2ppt	

Note: During the Reporting Period, the additional depreciation amounts due to the appreciation of assets of the self-owned hospitals in the consolidation process were approximately RMB39 million, which have been reclassified to operating expenses and other profit or loss.

Segment Results — IOT/OT Hospitals

During the Reporting Period, the revenue from medical business of the IOT/OT hospital segment increased by 0.4% when compared with the prior year, while this segment recorded a year-on-year decrease of 10.4% in its results.

IOT/OT hospitals	2022	2021	Year-on-Year Change	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>Percentage</i>
Revenue from medical business	1,575,723	1,569,049	6,674	0.4%
Hospital management services fees	25,939	33,500	(7,561)	-22.6%
Third-party supply chain service fees	40,007	54,356	(14,349)	-26.4%
GPO gross profit	76,984	70,344	6,640	9.4%
Profit contribution	142,930	158,200	(15,270)	-9.7%
Profit contribution rate	9.1%	10.1%	-1ppt	
Operating expenses and other profit or loss	(32,187)	(34,664)	2,477	-7.1%
Segment results	110,743	123,536	(12,793)	-10.4%
Segment profit margin	7.0%	7.9%	-0.8ppt	

HEADQUARTERS OPERATING EXPENSES

The total operating expenses of the headquarters amounted to approximately RMB88 million in 2022 (FY2021: RMB139 million), accounting for 14.0% of the total administrative expenses of the Group (FY2021: 29.6%), the decrease was mainly due to a sharp drop in staff costs after the reshaping of the organisation.

OTHER PROFIT OR LOSS

During the Reporting Period, other loss of the Group totalled approximately RMB163 million (FY2021: other loss of RMB206 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. Among which the recorded exchange loss due to changes in exchange rate during the Reporting Period was approximately RMB159 million.

Impairments

For the fiscal year ended December 31, 2022, Huaiyin Hospital has impaired receivables due from the local government of approximately RMB45 million in respect of the medical services provided to the local government. Huaiyin Hospital has provided the relevant services to the local government since 2015, where such services and the corresponding service fee amounts have to be audited and confirmed by the local government's independent auditor before such amounts could be settled. The local government has paid portions of the reviewed and confirmed service fees. At the completion of the acquisition of Huaiyin Hospital, the Company considered that the concerned receivables from the local government on the books of the acquisition target were recoverable. However, due to the impact of the epidemic in the past two years, the government audit works have been delayed and the Company needs to communicate with the local government continuously to obtain feedback on the audit results, resulting in delays in settlement of the receivables. The Company has been reviewing the status of recovery of such receivables and actively communicating with the relevant local government departments in respect of the same. Nevertheless, as the relevant region was still facing the impact of the epidemic in 2022, the abovementioned government audit works have been further delayed, and, therefore, the Company has to make another provision for such receivables at the end of FY2022. The Company has conducted legal and financial due diligence regarding the abovementioned acquisition of Huaiyin Hospital in accordance with its applicable internal procedures, and the Company was not aware of and did not anticipate any of the aforesaid factors that led to the impairment of such receivables for FY2022 prior to the completion of the acquisition. The Company will continue to communicate with the relevant local government authorities in order to speed up the settlement of the receivables.

For the fiscal year ended December 31, 2022, the Company recorded a provision for goodwill impairment of approximately RMB108 million related to the acquisition of Huaiyin Hospital. The provision for goodwill impairment is due to the gradual loss of medical staff at Huaiyin Hospital in 2022, which had a material adverse impact on its operations. In 2022, Huaiyin Hospital's medical business revenue dropped by more than 50% year-on-year, and its operating loss is approximately RMB76 million. It will take a relatively long-term and require continuous process to recover the number of patient visits, and the mentioned impacts to the hospital are expected to continue in the coming few years. Such situation results the present value of cash flow becomes lower than the book value of the corresponding assets and therefore the impairment of goodwill exists. Since the calculation of the recoverable amount of the cash-generating unit corresponding to the goodwill requires appropriate assumptions and professional judgment, the Company has engaged an independent valuer to conduct a goodwill impairment test in this regard. The Company's auditors have to review the assessment results in accordance with the requirements of the audit procedures, too. Prior to and at the completion of the acquisition, the Company did not foresee such gradual attrition of medical staff at Huaiyin Hospital, nor did it anticipate any of the aforesaid factors that led to the impairment of goodwill for FY2022. In response to the medical staff attrition faced by

Huaiyin Hospital, the Company has already implemented a talent attraction program, and ever optimizing its business strategy so as to replenish high-quality talents and improve the operation.

Details can be referred to the announcement of the Company dated February 20, 2023.

FINANCE COSTS

During the Reporting Period, the unallocated finance costs of the Group amounted to approximately RMB44.80 million (FY2021: RMB15.32 million). The increase in the finance costs was in line with the increase in foreign currency loan interest rates due to the increase in the U.S. dollar interest rate.

INCOME TAX

During the Reporting Period, the Group's income tax expenses amounted to RMB83 million (FY2021 recorded credit figure of RMB155 million).

NET PROFIT

The Group recorded a net profit of RMB159 million, during the Reporting Period representing a year-on-year decrease of approximately 62.6%.

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, 2022.

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 value in use. These calculations required the use of estimates and professional judgements, and management of the Company involved an external

valuer in these calculations. Details of the impairment losses of goodwill are set out in the section headed “Management discussion and analysis — Other profit or loss — Impairments” to this announcement.

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 December 31, 2022, 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, 2022, the fair value of our investment in UMP Healthcare Holdings was approximately RMB65.60 million.

Future Plans for Material Investment or Capital Assets

On February 22, 2023, CR Hospital Investment (a wholly-owned subsidiary of the Company) (as transferee) has conditionally agreed to purchase from LR Management (as transferor) 76.10% equity interests in Liaoning CR Healthcare and 100% equity interests in Shenzhen CR Healthcare at a consideration of RMB3,394,607,000, which will be settled in cash.

On February 22, 2023, CR Hospital Investment (as transferee) has conditionally agreed to purchase from CR Technology (as transferor) 80% equity interests in CR Healthcare (Jiangxi) Co., Ltd. (華潤健康(江西)有限公司) and the debts owed by the CR Healthcare (Jiangxi) Co., Ltd. to CR Technology (the principal balance amounted to RMB316,944,600 as at December 31, 2022) at a consideration of RMB244,536,000, which will be settled in cash.

Please refer to the paragraph headed “Management Discussion and Analysis — Subsequent Event” of this announcement for the details.

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

FUTURE OUTLOOK

Our country's medical service industry has a large market volume, and patients' demand for differentiated and multi-level medical services are gradually being released. Medical institutions operated by state-owned enterprises ("**SOE Medical Groups**") are therefore forming an important part of China's medical and health service system. SOE Medical Groups have become a new and important force in the industry. They play an important role in meeting the growing multi-level and diversified medical and health service needs of the people, responding to major epidemics and sudden public health risks, etc. At the end of 2022, 13 ministries and commissions including the State-owned Assets Supervision and Administration Commission jointly issued the "Plan for supporting the high-quality development of state-owned enterprises in operating medical institutions", showing that state-owned hospitals will enter the new stage of high-quality development in full speed.

The Group is actively promoting its 14th Five-Year Plan and is committed to becoming a top-tier medical and healthcare services provider in China and a leader in the medical reform of the SOE Medical Groups. We have upgraded our medical operation model and create the "1+X" model with discipline construction as the core strategy in achieving high-quality and sustainable development. **In terms of extension growth**, we shall inject high-quality medical resources within the China Resources Group as and when appropriate, continue to focus on core areas, and incubate and cultivate high-quality merger pipelines, in order to achieve our business growth targets. **In terms of organic growth**, we will continue to speed up regional integration, develop regional leading medical institutes through the development of advantageous disciplines, and play a leading role in the development in medical services in different regions. At the same time, we shall explore the uniqueness of our different disciplines in the specific regions, build leading disciplines, form a discipline layout in line with its own characteristics, further clarify the positioning and development direction of the hospital branches, and build and integrate them into leading hospital sub-groups in different regions. **In terms of our profitability**, on one hand, our medical institutes shall lay an even more solid business foundation, improve medical technology further, serve more patients, and add more value to the public healthcare sector by strengthening capacity and certain disciplines, improving our medical service quality and operation efficiency, to achieve reasonable profitability; on the other hand, we will continue to focus on our capability of the supply chain function, capital management and other areas, further release the energy of our professional management in medical institutes, and continue to focus on core functions including strategy, finance, human resources, and information technology so as to tap the potential of group management, group synergy and further improve our profitability and at the same time achieving our goal of sustainable and high-quality development.

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, 2022, the Group's consolidated bank balances and cash, certificate of deposit and bank financial products amounted to approximately RMB3.83 billion in total (December 31, 2021: approximately RMB3.23 billion) which were primarily in RMB.

As at December 31, 2022, the Group has obtained offshore revolving term loan facility of HK\$5.2 billion (or its equivalent in U.S. dollar or RMB). Among which, HK\$1.1 billion of the facility is a five-year committed loan, HK\$3.0 billion of the facilities is with no fixed term until further notice by the corresponding bank, whilst the remaining HK\$1.1 billion is of the term of one year which shall be automatically renewed if the relevant bank does not notify otherwise. As at December 31, 2022, the Group had interest-bearing bank borrowings of HK\$2,235 million and RMB25 million (equivalent to approximately RMB2.02 billion in total) (December 31, 2021: HK\$933 million and US\$139 million (equivalent to approximately RMB1.65 billion in total)), and unutilized bank facilities of HK\$2.965 billion (equivalent to approximately RMB2.649 billion). As at December 31, 2022, the Group's offshore bank borrowings carried interests at floating rates, among which, HK\$1.1 billion would be due on June 25, 2027, and others would be due within one year. HK\$0.7 billion of the facilities is the sustainability-linked and social responsibility loan.

As at December 31, 2022, 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 18.2% (December 31, 2021: 15.9%). In addition, the carrying value of each of our wealth management products as at December 31, 2022 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 HKD 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, 2022, 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, 2022, the Group did not have any material pledge of assets.

Subsequent Events

After the year ended December 31, 2022, the Company has entered into the following transactions:

- On February 22, 2023, CR Hospital Investment (a wholly-owned subsidiary of the Company) (as transferee) entered into the Equity Transfer Agreement I with LR Management (as transferor), pursuant to which LR Management has conditionally agreed to sell and CR Hospital Investment has conditionally agreed to purchase 76.10% equity interests in Liaoning CR Healthcare and 100% equity interests in Shenzhen CR Healthcare at a consideration of RMB3,394,607,000, which will be settled in cash. As at the date of this announcement, Liaoning CR Healthcare holds one wholly-owned subsidiary and indirectly holds the sponsorship rights of 31 LH Member Institutions, whereas Shenzhen CR Healthcare has no subsidiaries.

Details can be referred to the announcement of the Company dated February 22, 2023. As of the date of this announcement, the acquisitions are subject to independent Shareholders’ approval and still pending completion.

- On February 22, 2023, CR Hospital Investment (a wholly-owned subsidiary of the Company) (as transferee) entered into the Equity and Debt Transfer Agreement II with CR Technology (as transferor), pursuant to which CR Technology has conditionally agreed to sell and CR Hospital Investment has conditionally agreed to purchase 80% equity interests in the JE Subject and the debts owed by the JE Subject to CR Technology (the principal balance amounted to RMB316,944,600 as at December 31, 2022) at a consideration of RMB244,536,000, which will be settled in cash. As at the date of this announcement, the JE Subject directly holds the sponsorship rights of six JE Member Medical Institutions. After the completion date, Liaoning CR Healthcare will become a non-wholly owned subsidiary of the Company, and Shenzhen CR Healthcare will become a wholly-owned subsidiary of the Company. The financial results of Liaoning CR Healthcare Group and Shenzhen CR Healthcare will be consolidated into the consolidated financial statements of the Group. The JE Subject will become a non-wholly owned subsidiary of the Company, and the financial results of JE Subject Group will be consolidated into the consolidated financial statements of the Group.

Details can be referred to the announcement of the Company dated February 22, 2023. As of the date of this announcement, the acquisitions are subject to independent Shareholders' approval and still pending completion.

Save as disclosed, the Group had no other significant subsequent events occurred after December 31, 2022 which would have material impact on the performance and the value of the Group.

EMPLOYEES AND REMUNERATION POLICY

As of December 31, 2022, the Group had a total of 9,668 fulltime employees (December 31, 2021: 8,454 employees). For FY2022, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately RMB1,780 million (FY2021: RMB1,180 million). The increase in number of staff as well as the corresponding staff cost was mainly due to 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.

In Hong Kong, the Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government (together with the MPF Scheme, the “**Defined Contribution Schemes**”). These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group’s employer contributions to the Defined Contribution Schemes vest fully and immediately with the employees when contributed into the schemes. Accordingly, (i) for each of the two years ended December 31, 2022, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at December 31, 2022.

FINAL DIVIDEND

The Board proposes to pay a final dividend of 3.7 HK cents (equivalent to approximately RMB3.2 cents) per Share for FY2022 (FY2021: final dividend: 12 HK cents (equivalent to approximately RMB9.8 cents)). The proposed final dividend will be payable to Shareholders whose names appear on the register of members of the Company on Tuesday, June 13, 2023. Based on the number of Shares in issue of the Company as of December 31, 2022, the total amount of final dividends is approximately HK\$48 million. Subject to the approval by Shareholders at the annual general meeting to be held on Thursday, June 1, 2023, it is expected that the final dividend will be distributed on or before July 19, 2023.

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.

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, 2022. 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, 2022.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting to be held on Thursday, June 1, 2023, the register of members of the Company will be closed from Monday, May 29, 2023 to Thursday, June 1, 2023, 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 Thursday, May 25, 2023.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, June 9, 2023 to Tuesday, June 13, 2023, 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 Thursday, June 8, 2023.

The 2022 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 2022 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 1, 2023 (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 2023 as soon as practicable after the record date of Tuesday, June 13, 2023 to determine Shareholders' entitlement to the proposed 2022 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 Friday, July 7, 2023. Shareholders who are minded to elect to receive all (but not part) of the 2022 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 Wednesday, July 19, 2023 at the Shareholders' own risk.

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

During the year ended December 31, 2022, 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, 2022.

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 independent auditor and the internal auditor 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 Mr. FU Tingmei. 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, 2022.

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, 2022 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 and consequently no opinion on assurance has been expressed by the Company's auditor on the preliminary announcement.

OTHER INFORMATION

Yan Hua IOT Agreement Dispute

In respect of the litigation case between the Company and the Yanhua Parties (i.e. the Yanhua Phoenix and Yanhua Hospital) regarding the performance of the Yanhua IOT Agreement in 2019, the Beijing Higher People's Court handed down a final judgment (2020 Jing Minzhong No.110) on November 22, 2021, which rejected the appeal filed by Yanhua in 2020 and upheld the original judgment in 2019 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. As the Yanhua Parties have been negligent in complying with the abovementioned final judgment, the Company then filed an application for enforcement with the Beijing Second Intermediate People's Court in January 2022, and then accordingly received the liquidated damages amounted to RMB14,400,000 and related overdue fine paid by Yanhua Phoenix through the court enforcement procedure in April 2022. However, due to the Yanhua Parties' persistent refusal to perform the Yanhua IOT Agreement, the Company brought a separate lawsuit against the Yanhua Parties in September 2022 to seek compensation for the losses suffered by the Company as a result of the Yanhua Parties' breach of the Yanhua IOT Agreement (including the management fee and supply chain fee receivable by the Company from 2019 to the filing date). Such lawsuit is currently in the hearing process of Beijing Second Intermediate People's Court. The Company will continue 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 for the future progress of the Yan Hua IOT Agreement dispute.

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 2022 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.

DEFINITIONS

“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
“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 Investment”	China Resources Hospital Investment (China) Co., Ltd.* (華潤醫院投資(中國)有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company
“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 Technology”	China Resources Healthcare Technology Development (China) Co., Ltd.* (華潤健康科技產業發展(中國)有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of CR Healthcare
“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
“Equity Transfer Agreement I”	the equity transfer agreement entered into between CR Hospital Investment and LR Management regarding the LH Equity Acquisition on February 22, 2023
“Equity and Debt Transfer Agreement II”	the equity and debt transfer agreement entered into between CR Hospital Investment and CR Technology regarding the JE Equity and Debt Acquisition on February 22, 2023
“FY2021”	the financial year ended December 31, 2021
“FY2022”	the financial year ended December 31, 2022
“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

“Huaiyin Hospital”	Huai’an City Huaiyin Hospital Company Limited* (淮安市淮陰醫院有限公司), a company established in the PRC with limited liability
“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
“JE Member Medical Institution(s)”	medical institution(s) under the JE Subject and their respective subordinate organizations
“JE Subject”	CR Healthcare (Jiangxi) Co., Ltd.* (華潤健康(江西)有限公司), a company incorporated in the PRC with limited liability
“JE Subject Group”	JE Subject, its subsidiaries from time to time and JE Member Medical Institutions
“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 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
“LH Member Institution(s)”	institution(s) under Liaoning Health Industry and their respective subordinate organizations
“Liaoning CR Healthcare”	China Resources Healthcare (Liaoning) Group Co., Ltd.* (華潤健康(遼寧)集團有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“LR Management”	LR Management Company Limited, a company established in Hong Kong with limited liability
“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, 2022 to December 31, 2022

“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
“Shenzhen CR Healthcare”	Shenzhen China Resources Healthcare Industry Investment Co., Ltd.* (深圳華潤健康產業投資有限公司), a company established in the PRC with limited liability
“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)
“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
Rehabilitation
Hospital”

Nanning Yuenianhua Rehabilitation Hospital Co. Ltd.* (南寧市悦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
SONG Qing
Chairman

Hong Kong, March 28, 2023

As at the date of this announcement, the Board comprises Mr. SONG Qing, Mr. YU Hai, 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, Mr. LEE Kar Chung Felix and Mr. FU Tingmei as independent non-executive Directors.