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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)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2020

The board of directors (the “**Board**”) of China Resources Medical Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2020 (the “**Reporting Period**”) as follows:

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

For the six months ended June 30, 2020

	Notes	For the six months ended June 30,	
		2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
REVENUE	4	907,413	964,939
Cost of sales		<u>(662,090)</u>	<u>(619,376)</u>
Gross profit		245,323	345,563
Other income	5	38,779	34,731
Other gains and losses, net	6	1,165	(5,033)
Selling and distribution expenses		(6,264)	(6,965)
Administrative expenses		(106,803)	(107,008)
Impairment losses on financial assets, net		(6,669)	—
Other expenses		(401)	(1,613)
Finance costs		(9,343)	(7,446)
Share of profits and losses of:			
A joint venture		409	1,713
Associates		<u>(5)</u>	<u>(1)</u>

		<b>For the six months ended</b>	
		<b>June 30,</b>	
		<b>2020</b>	2019
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
PROFIT BEFORE TAX	7	<b>156,191</b>	253,941
Income tax expense	8	<u><b>(45,971)</b></u>	<u>(65,417)</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><b>110,220</b></u>	<u>188,524</u>
Attributable to:			
Owners of the parent		<b>107,753</b>	183,121
Non-controlling interests		<u><b>2,467</b></u>	<u>5,403</u>
		<u><b>110,220</b></u>	<u>188,524</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	10		
Basic ( <i>RMB yuan</i> )		<u><b>0.09</b></u>	<u>0.15</u>
Diluted ( <i>RMB yuan</i> )		<u><b>0.09</b></u>	<u>0.15</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

June 30, 2020

	<i>Notes</i>	<b>June 30, 2020 (Unaudited) RMB'000</b>	December 31, 2019 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>668,352</b>	181,375
Right-of-use assets		<b>244,684</b>	156,050
Goodwill		<b>1,471,868</b>	1,463,611
Other intangible assets		<b>1,436,771</b>	2,035,762
Investment in a joint venture		<b>513,437</b>	513,028
Investments in associates		<b>146</b>	151
Receivables from invest-operate-transfer (“IOT”) hospitals		<b>81,219</b>	80,979
Loan to a sponsored hospital		<b>56,247</b>	55,062
Financial assets at fair value through profit or loss (“FVTPL”)	11	<b>109,013</b>	113,485
Other non-current assets		<b>76,269</b>	76,269
		<hr/>	<hr/>
Total non-current assets		<b>4,658,006</b>	4,675,772
<b>CURRENT ASSETS</b>			
Inventories		<b>109,675</b>	62,121
Trade and bills receivables	12	<b>574,720</b>	618,698
Contract assets		<b>21,305</b>	12,120
Prepayments, deposits and other receivables		<b>294,265</b>	219,783
Due from related parties		<b>3,217</b>	9,384
Financial assets at FVTPL	11	<b>1,476,174</b>	244,769
Time deposits		<b>21,147</b>	25,114
Cash and bank balances		<b>1,407,603</b>	2,006,220
		<hr/>	<hr/>
Total current assets		<b>3,908,106</b>	3,198,209
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	<b>349,196</b>	241,303
Other payables and accruals		<b>464,595</b>	252,120
Due to related parties		<b>81,801</b>	4,843
Payables to hospitals sponsored by the Group (the “Sponsored Hospitals”)		<b>215,837</b>	255,571
Interest-bearing bank borrowings		<b>734,343</b>	578,337
Lease liabilities		<b>22,835</b>	5,286
Tax payable		<b>33,574</b>	46,795
		<hr/>	<hr/>
Total current liabilities		<b>1,902,181</b>	1,384,255

	<b>June 30, 2020 (Unaudited) RMB'000</b>	December 31, 2019 (Audited) RMB'000
NET CURRENT ASSETS	<u>2,005,925</u>	<u>1,813,954</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>6,663,931</u>	<u>6,489,726</u>
NON-CURRENT LIABILITIES		
Lease liabilities	71,880	13,597
Retirement benefit obligations	42,985	18,120
Deferred tax liabilities	320,078	317,834
Provision	<u>5,029</u>	<u>—</u>
Total non-current liabilities	<u>439,972</u>	<u>349,551</u>
Net assets	<u>6,223,959</u>	<u>6,140,175</u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	267	267
Reserves	<u>5,902,372</u>	<u>5,903,433</u>
	5,902,639	5,903,700
Non-controlling interests	<u>321,320</u>	<u>236,475</u>
Total equity	<u>6,223,959</u>	<u>6,140,175</u>

## NOTES

### 1. CORPORATE INFORMATION

China Resources Medical Holdings Company Limited (the “**Company**”) 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 period, 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 interim condensed consolidated financial information of the Group for the six months ended June 30, 2020 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2019.

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for financial assets at FVTPL which have been measured at fair value. The financial information is 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 accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of the following revised International Financial Reporting Standards (“**IFRSs**”) for the first time for the current period’s financial information.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

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

- (a) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after January 1, 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

### 3. OPERATING SEGMENT INFORMATION

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

- (a) Consolidated hospitals — this segment engages in the provision of out-patient and in-patient services;
- (b) Unconsolidated hospitals — this segment engages in the provision of services to the unconsolidated hospitals;
- (c) IOT/OT hospitals — this segment engages in the provision of services to IOT hospitals and an OT hospital; and
- (d) 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 share of profits and losses of a joint venture and associates, fair value gains/losses on financial assets at FVTPL, dividend income on financial assets at FVTPL, loss on liquidation of an associate, investment income on financial assets at FVTPL, unallocated interest and investment income, unallocated impairment losses on financial assets, net, equity-settled share-based payment expense, finance costs, foreign exchange differences, net, as well as other unallocated income, other unallocated administrative expenses, other unallocated expenses and losses are excluded from such measurement.

Segment assets exclude goodwill, interests in associates, financial assets at FVTPL, cash and bank balances and time deposits 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 and operating segments.

## Segment revenue and results

	Consolidated hospitals (Unaudited) RMB'000	Unconsolidated hospitals (Unaudited) RMB'000	IOT/OT hospitals (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Six months ended June 30, 2020</b>					
External revenue					
General healthcare services	428,687	—	—	—	428,687
Hospital management services	—	20,980	36,608	—	57,588
Third-party supply chain service fees	9,722	31,459	50,729	—	91,910
GPO business	—	43,489	271,288	—	314,777
Other hospital-derived services	—	—	—	14,451	14,451
Inter-segment revenue					
Hospital management services	14,702	—	—	—	14,702
GPO business	60,971	—	—	—	60,971
Other hospital-derived services	796	—	—	1,598	2,394
Segment revenue	514,878	95,928	358,625	16,049	985,480
Eliminations	(76,469)	—	—	(1,598)	(78,067)
<b>Consolidated revenue</b>	<b>438,409</b>	<b>95,928</b>	<b>358,625</b>	<b>14,451</b>	<b>907,413</b>
Segment cost	(374,268)	(40,004)	(241,151)	(6,667)	(662,090)
Other income	3,393	—	4,794	2,748	10,935
Other losses	(182)	—	—	—	(182)
Selling and distribution expenses	(1,030)	(1,692)	(3,350)	—	(6,072)
Administrative expenses	(43,141)	(6,393)	(14,038)	(2,888)	(66,460)
Impairment losses on financial assets, net	(6,622)	—	—	—	(6,622)
Other expenses	(290)	—	—	(19)	(309)
Segment results	16,269	47,839	104,880	7,625	176,613
Share of profit of a joint venture					409
Share of losses of associates					(5)
Fair value gains on financial assets at FVTPL					2,124
Dividend income on a financial asset at FVTPL					2,618
Gain on bargain purchase					9,428
Investment income on financial assets at FVTPL					18,510
Unallocated interest and investment income					6,294
Unallocated impairment losses on financial assets, net					(47)
Equity-settled share-based payment expense					(3,181)
Finance costs					(9,343)
Foreign exchange differences, net					(10,205)
Other unallocated income					422
Other unallocated administrative expenses					(37,354)
Other unallocated expenses					(92)
Profit before tax					156,191



	Consolidated hospitals (Unaudited) RMB'000	Unconsolidated hospitals (Unaudited) RMB'000	IOT/OT hospitals (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Six months ended June 30, 2019</b>					
External revenue					
General healthcare services	326,713	—	—	—	326,713
Hospital management services	—	53,037	49,682	—	102,719
Third-party supply chain service fees	10,375	50,161	41,622	—	102,158
GPO business	—	84,592	330,832	—	415,424
Other hospital-derived services	—	—	—	17,925	17,925
Inter-segment revenue					
GPO business	91,059	—	—	—	91,059
Other hospital-derived services	—	—	—	168	168
Segment revenue	<u>428,147</u>	<u>187,790</u>	<u>422,136</u>	<u>18,093</u>	<u>1,056,166</u>
Eliminations	<u>(91,059)</u>	<u>—</u>	<u>—</u>	<u>(168)</u>	<u>(91,227)</u>
<b>Consolidated revenue</b>	<u>337,088</u>	<u>187,790</u>	<u>422,136</u>	<u>17,925</u>	<u>964,939</u>
Segment cost	(250,396)	(76,105)	(286,114)	(6,761)	(619,376)
Other income	670	—	5,250	1,809	7,729
Other losses	(377)	—	—	—	(377)
Selling and distribution expenses	(1,061)	(1,421)	(4,483)	—	(6,965)
Administrative expenses	(30,686)	(4,176)	(14,958)	(4,321)	(54,141)
Other expenses	<u>(497)</u>	<u>—</u>	<u>—</u>	<u>(1,099)</u>	<u>(1,596)</u>
Segment results	54,741	106,088	121,831	7,553	290,213
Share of profit of a joint venture					1,713
Share of losses of associates					(1)
Fair value losses on financial assets at FVTPL					(1,890)
Dividend income on a financial asset at FVTPL					525
Loss on liquidation of an associate					(118)
Investment income on financial assets at FVTPL					20,814
Unallocated interest and investment income					4,449
Equity-settled share-based payment expense					(6,632)
Finance costs					(7,446)
Foreign exchange differences, net					(2,646)
Other unallocated income					1,214
Other unallocated administrative expenses					(46,235)
Other unallocated expenses					(17)
Other unallocated losses					(2)
Profit before tax					<u>253,941</u>

## Segment assets and liabilities

	Consolidated hospitals (Unaudited) RMB'000	Unconsolidated hospitals (Unaudited) RMB'000	IOT/OT hospitals (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>As at June 30, 2020</b>					
Segment assets	<u>1,370,054</u>	<u>1,911,348</u>	<u>753,953</u>	<u>71,478</u>	<u>4,106,833</u>
Goodwill					1,471,868
Interests in associates					146
Financial assets at FVTPL					1,585,187
Cash and bank balances and time deposits					1,428,750
Corporate and other unallocated assets					402,845
Elimination of inter-segment receivables					<u>(429,517)</u>
Total assets					<u><u>8,566,112</u></u>
Segment liabilities	<u>821,599</u>	<u>218,972</u>	<u>19,364</u>	<u>89,551</u>	<u>1,149,486</u>
Interest-bearing bank borrowings					734,343
Corporate and other unallocated liabilities					887,841
Elimination of inter-segment payables					<u>(429,517)</u>
Total liabilities					<u><u>2,342,153</u></u>

	Consolidated hospitals <i>RMB'000</i>	Unconsolidated hospitals <i>RMB'000</i>	IOT/OT hospitals <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>As at December 31, 2019</b>					
Segment assets	<u>466,364</u>	<u>2,590,291</u>	<u>868,644</u>	<u>67,021</u>	<u>3,992,320</u>
Goodwill					1,463,611
Interests in associates					151
Financial assets at FVTPL					358,254
Cash and bank balances and time deposit					2,031,334
Corporate and other unallocated assets					231,614
Elimination of inter-segment receivables					<u>(203,303)</u>
Total assets					<u><u>7,873,981</u></u>
Segment liabilities	<u>201,285</u>	<u>258,791</u>	<u>10,108</u>	<u>59,570</u>	<u>529,754</u>
Interest-bearing bank borrowings					578,337
Corporate and other unallocated liabilities					829,018
Elimination of inter-segment payables					<u>(203,303)</u>
Total liabilities					<u><u>1,733,806</u></u>

#### 4. REVENUE

##### Disaggregated revenue information

For the six months ended June 30, 2020

Type of goods or services	General healthcare services (Unaudited) RMB'000	Hospital management services (Unaudited) RMB'000	GPO business (Unaudited) RMB'000	Other hospital- derived services (Unaudited) RMB'000	Elimination (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>General healthcare services</b>						
In-patient	203,566	—	—	—	—	203,566
Out-patient	<u>225,121</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>225,121</u>
	428,687	—	—	—	—	428,687
<b>Hospital management services</b>						
From consolidated hospitals	—	14,702	—	—	(14,702)	—
From unconsolidated hospitals	—	20,980	—	—	—	20,980
From IOT hospitals	—	32,009	—	—	—	32,009
From an OT hospital	—	4,599	—	—	—	4,599
From third party suppliers (note)	<u>—</u>	<u>91,910</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>91,910</u>
	—	164,200	—	—	(14,702)	149,498
<b>GPO business</b>						
From consolidated hospitals	—	—	60,971	—	(60,971)	—
From unconsolidated hospitals	—	—	43,489	—	—	43,489
From IOT hospitals	—	—	271,170	—	—	271,170
From an OT hospital	<u>—</u>	<u>—</u>	<u>118</u>	<u>—</u>	<u>—</u>	<u>118</u>
	—	—	375,748	—	(60,971)	314,777
<b>Other hospital-derived services</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,845</u>	<u>(2,394)</u>	<u>14,451</u>
<b>Total</b>	<u><u>428,687</u></u>	<u><u>164,200</u></u>	<u><u>375,748</u></u>	<u><u>16,845</u></u>	<u><u>(78,067)</u></u>	<u><u>907,413</u></u>
<b>Timing of revenue recognition</b>						
A point in time	225,121	—	375,748	16,845	(63,365)	554,349
Over time	<u>203,566</u>	<u>164,200</u>	<u>—</u>	<u>—</u>	<u>(14,702)</u>	<u>353,064</u>
<b>Total</b>	<u><u>428,687</u></u>	<u><u>164,200</u></u>	<u><u>375,748</u></u>	<u><u>16,845</u></u>	<u><u>(78,067)</u></u>	<u><u>907,413</u></u>

**For the six months ended June 30, 2019**

	General healthcare services (Unaudited) RMB'000	Hospital management services (Unaudited) RMB'000	GPO Business (Unaudited) RMB'000	Other hospital- derived services (Unaudited) RMB'000	Elimination (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Type of goods or services</b>						
<b>General healthcare services</b>						
In-patient	133,590	—	—	—	—	133,590
Out-patient	193,123	—	—	—	—	193,123
	<u>326,713</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>326,713</u>
<b>Hospital management services</b>						
From unconsolidated hospitals	—	53,037	—	—	—	53,037
From IOT hospitals	—	46,852	—	—	—	46,852
From an OT hospital	—	2,830	—	—	—	2,830
From third party suppliers ( <i>note</i> )	—	102,158	—	—	—	102,158
	<u>—</u>	<u>204,877</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>204,877</u>
<b>GPO business</b>						
From consolidated hospitals	—	—	91,059	—	(91,059)	—
From unconsolidated hospitals	—	—	84,592	—	—	84,592
From IOT hospitals	—	—	330,832	—	—	330,832
	<u>—</u>	<u>—</u>	<u>506,483</u>	<u>—</u>	<u>(91,059)</u>	<u>415,424</u>
<b>Other hospital-derived services</b>						
	<u>—</u>	<u>—</u>	<u>—</u>	<u>18,093</u>	<u>(168)</u>	<u>17,925</u>
<b>Total</b>	<u><u>326,713</u></u>	<u><u>204,877</u></u>	<u><u>506,483</u></u>	<u><u>18,093</u></u>	<u><u>(91,227)</u></u>	<u><u>964,939</u></u>
<b>Timing of revenue recognition</b>						
A point in time	193,123	—	506,483	18,093	(91,227)	626,472
Over time	133,590	204,877	—	—	—	338,467
	<u>326,713</u>	<u>204,877</u>	<u>506,483</u>	<u>18,093</u>	<u>(91,227)</u>	<u>964,939</u>

All of the Group's revenue is derived from the PRC.

*Note:*

The Group entered into agreements with its third party suppliers for the joint development of a regional integrated pharmaceutical and/or medical consumable supply chain management system (the "Supply Chain Joint Development Agreements"). The Group provides supply chain management services to suppliers and recognises relevant revenue based on pre-set formulas set out in the Supply Chain Joint Development Agreements.

## 5. OTHER INCOME

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest and investment income on:		
Financial assets at FVTPL	18,510	20,814
Receivables from IOT hospitals	4,794	5,250
Bank deposits	5,110	3,270
Loan to a sponsored hospital	1,184	1,179
Dividend income on a financial asset at FVTPL	2,618	525
Others	6,563	3,693
	<u>38,779</u>	<u>34,731</u>

## 6. OTHER GAINS AND LOSSES, NET

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Fair value gains/(losses) on financial assets at FVTPL	2,124	(1,890)
Gain on bargain purchase	9,428	—
Foreign exchange differences, net	(10,205)	(2,646)
Loss on disposal of items of property, plant and equipment, net	(182)	(379)
Loss on liquidation of an associate	—	(118)
	<u>1,165</u>	<u>(5,033)</u>

## 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Cost of inventories sold	489,912	505,891
Cost of services provided	172,178	113,485
Depreciation of property, plant and equipment	33,015	21,254
Depreciation of right-of-use assets	6,505	2,063
Amortisation of intangible assets (included in cost of sales)	8,003	9,645
Total depreciation and amortisation	47,523	32,962
Impairment of trade receivables, net	6,544	—
Impairment of financial assets included in prepayments, deposits and other receivables	125	—

## 8. INCOME TAX

The PRC enterprise income tax has been provided at the rate of 25% (six months ended June 30, 2019: 25%) on the estimated assessable income arising in the PRC during the period. 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 period (six months ended June 30, 2019: Nil).

	<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current — Mainland China	43,727	64,430
Deferred	2,244	987
Total tax charge for the period	45,971	65,417

## 9. DIVIDEND

	<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Dividend recognised as distribution during the period:		
Final 2019 — HK10 cents (2018: HK12 cents) per ordinary share	<b>119,218</b>	136,767
Less: Dividend for shares held under the Share Award Scheme	<b>(4,126)</b>	—
	<b><u>115,092</u></b>	<b><u>136,767</u></b>

The directors do not recommend the payment of an interim dividend for the six months ended June 30, 2020 (six months ended June 30, 2019: Nil).

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

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

	<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Earnings</b>		
Profit for the period attributable to ordinary equity holders of the parent for the purpose of the basic and diluted earnings per share calculation	<b><u>107,753</u></b>	<b><u>183,121</u></b>



	<b>For the six months ended June 30,</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>'000</b>	'000
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period for the purpose of the basic earnings per share calculation	<b>1,257,582</b>	1,250,418
Effect of dilution — weighted average number of ordinary shares:		
Shares awarded under the Share Award Scheme	<u><b>2,814</b></u>	<u>—</u>
Weighted average number of ordinary shares in issue during the period for the purpose of the diluted earnings per share calculation	<u><b>1,260,396</b></u>	<u>1,250,418</u>

The weighted average number of shares used for the purpose of calculating the basic and diluted earnings per share for six months ended June 30, 2020 and 2019 has been arrived at after adjusting the effect of shares repurchased and held under the Share Award Scheme.

#### 11. FINANCIAL ASSETS AT FVTPL

	<b>June 30,</b>	December 31,
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Audited)
	<b>RMB'000</b>	RMB'000
Listed equity investment, at fair value ( <i>note i</i> )	<b>109,013</b>	113,485
Unlisted investments, at fair value ( <i>note ii</i> )	<u><b>1,476,174</b></u>	<u>244,769</u>
	<u><b>1,585,187</b></u>	<u>358,254</u>
Analysed into:		
Current portion	<b>1,476,174</b>	244,769
Non-current portion	<u><b>109,013</b></u>	<u>113,485</u>
	<u><b>1,585,187</b></u>	<u>358,254</u>

*Notes:*

- (i) The listed equity investment was classified as financial assets at FVTPL as the Group has not elected to recognise the fair value gain or loss through other comprehensive income. It was held for long-term strategic purposes. The Group does not intend to dispose of it within twelve months after the reporting period.
- (ii) The unlisted investments were wealth management products issued by banks in Mainland China. The risk ratings of wealth management products in Mainland China include R1(conservative products), R2(steady products), R3(balanced products), R4(progressive products) and R5(aggressive products). The wealth management products with risk ratings of R1 and R2 as at June 30, 2020 amounted to RMB479,739,000 and RMB996,435,000, respectively. The unlisted investments were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

**12. TRADE AND BILLS RECEIVABLES**

	<b>June 30, 2020 (Unaudited) RMB'000</b>	December 31, 2019 (Audited) RMB'000
Trade and bills receivables	<b>607,330</b>	619,453
Impairment	<b>(32,610)</b>	(755)
	<b><u>574,720</u></b>	<u>618,698</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:

	<b>June 30, 2020 (Unaudited) RMB'000</b>	December 31, 2019 (Audited) RMB'000
Within 1 year	<b>521,754</b>	552,411
1 to 2 years	<b>52,323</b>	66,238
2 to 3 years	<b>643</b>	49
	<b><u>574,720</u></b>	<b><u>618,698</u></b>

### 13. 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:

	<b>June 30, 2020 (Unaudited) RMB'000</b>	December 31, 2019 (Audited) RMB'000
Within 60 days	<b>204,128</b>	170,322
61 to 180 days	<b>104,544</b>	62,657
Over 180 days	<b>40,524</b>	8,324
	<b><u>349,196</u></b>	<b><u>241,303</u></b>

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

### 14. BUSINESS COMBINATIONS

During the six months ended June 30, 2020, the Group had following events/transactions which constituted business combinations in accordance with IFRS 3 (Revised) “Business Combinations” (“IFRS 3 (Revised)”).

- (a) On December 3, 2019, the Group entered into an agreement with China National Zhong Qi Group Co., Ltd. (中國重型汽車集團有限公司) (“CNHTC”), pursuant to which (i) a company, Jinan Zhong Qi Hospital Company (“**Jinan Zhong Qi Hospital**”), would be established and held as to 75% by the Group and 25% by CNHTC; and (ii) cash of RMB254,235,300 and the hospital-related assets (including sponsorship right, land use right, buildings and medical equipment of a hospital in Jinan, the PRC, etc.) would be contributed into Jinan Zhong Qi Hospital by the Group and CNHTC, respectively. Immediately after the completion of transactions on March 30, 2020, Jinan Zhong Qi Hospital became a subsidiary of the Group.

- (b) On May 2, 2020, the articles of association of Huaibei Miner General Hospital (“**Huaikuang Hospital**”) were amended. Having considered the power of the Group based on the amended articles of association together with the relevant service contract entered into by the Group and Huaikuang Hospital, in the opinion of the directors, the Group has obtained the practical ability to direct the relevant activities of Huaikuang Hospital unilaterally and control over Huaikuang Hospital since the effective date of the amended articles of association on May 2, 2020. Accordingly, the assets and liabilities of Huaikuang Hospital were consolidated in the Group’s financial statements thereafter.

Prior to the business combination, the Group was the sponsor of Huaikuang Hospital and the sponsorship right and service contract held by the Group were recognised as other intangible assets. Accordingly, the sponsorship right and service contract with an aggregate carrying amount of RMB486,000,000 formed the consideration for the business combination.

- (c) On June 1, 2020, the articles of association of Beijing CEEC Hospital, Beijing CEEC Hospital Shouzhou Hospital, Guangdong CEEC Power Hospital, Guangxi Hydropower Hospital, Gaoxin District Xingyuan Community Healthcare Centre, Gaoxin District Tianle Community Healthcare Centre, Tiandong Street Dianchang Road Community Healthcare Centre and Hefei Gaoxin District Changning Community Healthcare Centre (collectively, the “**Run Neng Hospitals**”) were amended. Having considered the power of the Group based on the amended articles of association together with the relevant service contracts entered into by the Group and the Run Neng Hospitals, in the opinion of the directors, the Group has obtained the practical ability to direct the relevant activities of the Run Neng Hospitals and control over the Run Neng Hospitals since the effective date of the amended articles of association on June 1, 2020. Accordingly, the assets and liabilities of the Run Neng hospitals were consolidated in the Group’s financial statements thereafter.

Prior to the business combination, the Group was the sponsor of the Run Neng Hospitals 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 RMB116,177,000 formed the consideration for the business combination.

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 bank balances. Accordingly, the Group has initially recognised identifiable net assets of RMB939,576,000, goodwill of RMB8,257,000 and gain on bargain purchase of RMB9,428,000 in accordance with IFRS 3 (Revised). The fair values of the identifiable net assets, the carrying amount of goodwill and the gain on bargain purchase of the above business combinations as at the dates of business combinations are provisional amounts and are subject to the finalisation of the initial accounting for the business combinations.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The consolidated revenue of the Group for the six months ended June 30, 2020 amounted to RMB907 million (same period of last year: RMB965 million); net profit for the period amounted to RMB110 million (same period of last year: RMB189 million). Earnings per share of the Company amounted to RMB0.09 (same period of last year: RMB0.15). Such decrease was mainly due to the drop in number of visits to our member hospitals as affected by the COVID-19 epidemic during the Reporting Period (especially in the first quarter).

As of June 30, 2020, the Group managed and operated a total of 106 medical institutions in 9 provinces and cities in the PRC. The number of outpatient and inpatient visits of our in-network hospitals were 3,148,940 and 93,761, respectively. As affected by the COVID-19 epidemic, the total revenue from medical business of our member hospitals decreased by 18.0% to approximately RMB2.702 billion during the Reporting Period.

### **COVID-19 Outbreak**

In response to the epidemic of COVID-19 in early 2020, CR Medical issued the “Notice on Effectively Strengthening the Prevention and Control of Virus Infection and Safety Protection in Member Medical Institutes” and “Implementation and Further Strengthening of Virus Infection Prevention and Control and Safety Protection” on January 21, 2020 and immediately formed the emergency team, which is led by our chief executive officer Mr. CHENG Libing, in directing the prevention and control work of the Group and its member hospitals on COVID-19 epidemic. Our member medical institutes, especially Wugang Hospital and Wuhan Iron and Steel (Group) Corporation No. 2 Staff Hospital in Wuhan City, in addition to their key tasks of admission and diagnosis of fever patients, diagnosis of new COVID-19 cases and admission of suspected patients, have also strengthened the operation management in the following aspects. Firstly, to effectively protect all medical staff, by strengthening regular monitoring of their health condition, infection reporting, and the investigation and screening of their close family members and neighborhood. Secondly, to avoid clustered nosocomial infections by improving screening and registration procedures for patients, and strict implementation of standard preventive measures for COVID-19 patients and other patients. Thirdly, to further improve the supervision and control measures of each hospitals via conducting daily inspections on key procedures and positions. Fourthly, continue to care for hospital employees and strictly strengthen management, take various measures to care for employees’ physical and psychological health, and make efficient work arrangements in respect of shifts and other work arrangement. Up to the date of this announcement, none of the medical staff of member hospitals of the Group was infected by COVID-19.

As the front line of the epidemic control and prevention, Wugang Hospital and Wuhan Iron and Steel (Group) Corporation No. 2 Staff Hospital focuses on the in-house work and at the same time assisted other medical institutes in Wuhan City including Wuhan Jinyintan Hospital and certain square cabin temporary hospitals. Its three community healthcare clinics are responsible in providing medical consultation for close contacts of COVID-19 patients and transferring suspected patients. In addition, other member medical institutes of CR Medical in Beijing, Jiangsu, Shandong, Anhui and Guangdong & Guangxi are also actively undertaking the antiepidemic work under the unified deployment of the local health commissions. Huaikuang Hospital, the Second Hospital of Shunyi District of Beijing, Mentougou District Hospital of Beijing, and the Tai'an Municipal Hospital were designated by the local government as the designated hospitals for admitting and treating COVID-19 patients, and have been commended by government awards. 15 affiliated hospitals of the Group had set up fever clinics or participated in the community prevention and control work in the corresponding regions, and the investigation of fever patients has become an important force in community prevention and control. In addition, the synergy advantages of China Resources Group had great support to the supply chain management department of CR Medical, and the latter has also immediately established an emergency supply team in launching an emergency procurement plan, contacting various sources for medical material procurement and donations, and effectively ensure sufficient supply of prevention and control materials to our member institutes in different regions in the situation of tight supply. During the COVID-19 epidemic, CR Medical made effective use of the three-dimensional anti-epidemic model of “Wuhan frontline + designated hospitals in various regions + fever clinics & community prevention + promising group supply chain”, taking an importing role and taking great responsibility in virus fighting as a social capital medical group.

As of the end of March 2020, all our medical institutes have cured more than 500 COVID-19 patients. We have also quickly established the CR Medical Online Consulting Platform with more than 20 professional departments and more than 340 physicians in certain medical institutes of the CR Medical Group. It provides free online consultation for 24 hours-7 days. More than 4,000 online consultations have been provided on the online information platform.

Regarding our resumption of normal operation and business recovery, our member medical institutes have implemented graded and accurate resumption of production. During the epidemic, the member hospital management team and all medical staff postponed their leave and were all on duty. CR Medical formulated a phased resumption arrangement according to locations of different risk levels since February, and all institutes have basically resumed normal operation by the end of March. During the Reporting Period, the number of visits to member hospitals was affected by the epidemic which caused the total number of inpatient and outpatient visits to our member hospitals to decrease by 26.3% and 23.7%, respectively. But we believe that the impact of the epidemic on our business is temporary. The number of patients of our hospital has rebounded significantly in May. Since June, the business operation and medical income of our member hospitals have basically resumed to the normal level when compared with last year.

## Consolidating certain hospitals

During the Reporting Period, the Group has gradually consolidated several member hospitals. Among which, Jinan Zhong Qi Hospital has completed its for-profit reform during the period, and its financial statements have been consolidated into the Group's condensed financial statements since April 2020.

On December 5, 2019, the National Health Commission issued the template of standard public hospital constitutional documents, and the local authority of Huaibei City accordingly included the Huaikuang Hospital into the local pilot program. After completing the amendments of relevant constitutional documents, it has fulfilled the conditions of consolidation pursuant to the applicable accounting standards and therefore Huaikuang Hospital's financial statements have been included in the Group's consolidated financial statements since May 2020. In addition, in order to improve hospital governance and based on the completion of similar constitutional amendments as of Huaikuang Hospital, the Runneng Hospitals' financial statements have also been consolidated to the Group since June 2020.

## 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	1	5	10	28	44
Hebei	—	1	—	—	1
Shandong <sup>(Notes)</sup>	—	2	—	—	2
Shanxi	—	1	1	1	3
Jiangsu	—	1	—	—	1
Anhui	1	6	16	6	29
Hubei	2	—	3	15	20
Guangdong	1	1	—	2	4
Guangxi	—	1	1	—	2
Total	<u>5</u>	<u>18</u>	<u>31</u>	<u>52</u>	<u>106</u>

Notes:

- Pursuant to the hospital operation and management agreement which was entered into between the Group, Tai'an Taishan Urban and Rural Development Limited Company\* (泰安泰山城鄉建設發展有限公司) and Tai'an City High Speed Rail New District Development Centre\* (泰安市高鐵路新區建設發展中心) dated March 21, 2018, the Group provides operation and management services to Tai'an City Hospital for a cooperation term of 20 years. Tai'an City Hospital is located in High Speed Rail New District of Tai'an which has commenced operation in April 2020.

- (2) Jinan Zhong Qi Hospital completed its reform to for-profit nature during the Reporting Period and its financial statements have been consolidated to the consolidated financial statements of the Group since April 2020.

### Operating data for 2020H1

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 <sup>(Note)</sup>	7,460	56.7%	1,777,365	69,702	649,722	926,482	26,008	1,602,212
IOT/OT Hospitals	3,412	58.0%	1,371,575	24,059	663,957	429,930	6,351	1,100,238
Subtotal	<u>10,872</u>	<u>57.1%</u>	<u>3,148,940</u>	<u>93,761</u>	<u>1,313,679</u>	<u>1,356,412</u>	<u>32,359</u>	<u>2,702,450</u>

### Operating data for 2019H1

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 <sup>(Note)</sup>	7,043	79.1%	2,282,288	98,539	743,294	1,294,428	22,566	2,060,288
IOT/OT Hospitals	3,148	72.4%	1,846,924	28,659	719,986	497,738	19,634	1,237,358
Subtotal	<u>10,191</u>	<u>77.0%</u>	<u>4,129,212</u>	<u>127,198</u>	<u>1,463,280</u>	<u>1,792,166</u>	<u>42,200</u>	<u>3,297,646</u>

*Note:*

In respect of the operating data statistics, the abovementioned self-owned hospitals refers to all consolidated hospitals and unconsolidated hospitals of the Group.



## Financial data

### Financial data for 2020H1

2020H1 RMB'000	Total	Segment result				Administrative expenses	Other gains and expenses
		Consolidated hospitals	Unconsolidated hospitals	IOT/OT hospitals	Other derived businesses		
Revenue from goods and services	907,413	438,409	95,928	358,625	14,551	—	—
Cost of sales and services	(662,090)	(374,268)	(40,004)	(241,151)	(6,667)	—	—
Other income	10,935	3,393	—	4,794	2,748	—	—
Other gains and losses	(182)	(182)	—	—	—	—	—
Selling and distribution expenses	(6,072)	(1,030)	(1,692)	(3,350)	—	—	—
Administrative expenses	(66,460)	(43,141)	(6,393)	(14,038)	(2,888)	—	—
Impairment losses on financial and contract assets, net	(6,622)	(6,622)	—	—	—	—	—
Other expenses	(309)	(290)	—	—	(19)	—	—
<b>Segment results</b>	<b>176,613</b>	<b>16,269</b>	<b>47,839</b>	<b>104,880</b>	<b>7,625</b>	<b>N/A</b>	<b>N/A</b>
Headquarters operating expenses	(40,535)	—	—	—	—	(40,535)	—
Other profit or loss	29,052	—	—	—	—	—	29,052
Finance costs	(9,343)	—	—	—	—	—	(9,343)
Share of profit of joint ventures/associates	404	—	—	—	—	—	404
Income tax	(45,971)	—	—	—	—	—	(45,971)
<b>Net profit or loss</b>	<b>110,220</b>	<b>16,269</b>	<b>47,839</b>	<b>104,880</b>	<b>7,625</b>	<b>(40,535)</b>	<b>(25,858)</b>
<b>Revenue from medical business</b> <i>(Note)</i>	<b>2,702,450</b>	<b>428,687</b>	<b>1,173,525</b>	<b>1,100,238</b>	<b>—</b>	<b>—</b>	<b>—</b>

Notes:

During the Reporting Period:

- (1) Consolidated hospitals include: Jian Gong Hospital, Jinan Zhong Qi Hospital (since April 2020), Huaikuang Hospital Group (since May 2020) and the Runneng Hospitals (since June 2020).
- (2) Unconsolidated hospitals include: Guangdong 999 Brain Hospital, Huaibei City Mental Health Center (since January 2020), Xukuang Hospital, Wugang Hospital Group, Jinan Zhong Qi Hospital (January 2020 to March 2020), Huaikuang Hospital Group (January 2020 to April 2020) and the Runneng Hospitals (January 2020 to May 2020).
- (3) IOT hospitals include: Jing Mei Hospital Group, Mentougou Hospital, Mentougou Traditional Chinese Medicine Hospital, Mentougou Hospital for Women and Children, Shunyi District Konggang Hospital, the Second Hospital of Shunyi District and Baoding Third Center Hospital.
- (4) OT hospital(s) include: Tai'an City Hospital.

## Financial data for 2019H1

2019H1 RMB'000	Segment result						
	Total	Consolidated hospitals	Unconsolidated hospitals	IOT/OT hospitals	Other derived businesses	Administrative expenses	Other gains and expenses
Revenue from goods and services	964,939	337,088	187,790	422,136	17,925	—	—
Cost of sales and services	(619,376)	(250,396)	(76,105)	(286,114)	(6,761)	—	—
Other income	7,729	670	—	5,250	1,809	—	—
Other gains and losses	(377)	(377)	—	—	—	—	—
Selling and distribution expenses	(6,965)	(1,061)	(1,421)	(4,483)	—	—	—
Administrative expenses	(54,141)	(30,686)	(4,176)	(14,958)	(4,321)	—	—
Other expenses	(1,596)	(497)	—	—	(1,099)	—	—
<b>Segment results</b>	290,213	54,741	106,088	121,831	7,553	N/A	N/A
Headquarters operating expenses	(52,867)	—	—	—	—	(52,867)	—
Other profit or loss	22,329	—	—	—	—	—	22,329
Finance costs	(7,446)	—	—	—	—	—	(7,446)
Share of profit of joint ventures/associates	1,712	—	—	—	—	—	1,712
Income tax	(65,417)	—	—	—	—	—	(65,417)
<b>Net profit or loss</b>	<u>188,524</u>	<u>54,741</u>	<u>106,088</u>	<u>121,831</u>	<u>7,553</u>	<u>(52,867)</u>	<u>(48,822)</u>
<b>Revenue from medical business</b>	<u>3,297,646</u>	<u>326,713</u>	<u>1,733,575</u>	<u>1,237,358</u>	<u>—</u>	<u>N/A</u>	<u>N/A</u>

## **Segment Results**

In the first half of 2020, the aggregated results of all segments amounted to about RMB177 million, which decreased by approximately 39.1% as compared with the same period of the previous year, and is mainly due to as the number of visits to our member hospitals was affected by the COVID-19 epidemic which the total number of inpatient and outpatient visits to our member hospitals during the Reporting Period decreased respectively by 26.3% and 23.7%, and lead to decrease of the medical income of the member hospitals as well as their contributed profits to the Group. Please refer to the section headed “Business Review — COVID-19 Outbreak” of this announcement for further details of the Group’s measures to COVID-19 epidemic and the corresponding analysis.

As the corresponding constitutional documents of the hospitals have been amended, results of Huaikuang Hospital and the Runneng Hospitals have been consolidated to the Group since May and June, respectively. Please find more details in the section headed “Business Review — Consolidation of certain hospitals” of this announcement. According to the abovementioned changes in the consolidation arrangement in our financial statements, during the Reporting Period, our financial results have been classified in three segments which are Consolidated Hospitals, Unconsolidated Hospitals and IOT/OT Hospitals.

### **Segment Results — Consolidated Hospitals**

During the Reporting Period, the medical business revenue of the consolidated hospital segment increased by 31.2% year-on-year to approximately RMB429 million, the segment results recorded a decrease of 70.3% to approximately RMB16.27 million, which is mainly due to the adverse impact of COVID-19 outbreak to Jiangong Hospital in the first quarter.

Since Jinan Zhong Qi Hospital has completed its for-profit reform during the Reporting Period, and its financial statements have been consolidated into the Group's condensed financial statements since April 2020. Its contribution in respect of medical business revenue and profit were RMB54.87 million and RMB5.79 million, respectively. In addition, the financial results of Huaikang Hospital and the Runneng Hospitals have also been consolidated to the Group respectively since May and June, which contributed RMB126 million and RMB39.42 million in terms of revenue of medical services during the Reporting Period.

<b>Consolidated Hospitals</b>	<b>2020H1</b> <i>RMB'000</i>	2019H1 <i>RMB'000</i>	Year-on-Year Change	
			<i>RMB'000</i>	%
<b>Revenue from medical business</b>	<b>428,687</b>	326,713	101,974	31.2%
General healthcare services	<b>1,521</b>	26,967	(25,446)	-94.4%
Third-party supply chain service fees	<b>9,722</b>	10,375	(653)	-6.3%
GPO gross profit	<b>12,799</b>	19,823	(7,024)	-35.4%
<b>Profit contribution</b>	<b>24,042</b>	57,165	(33,123)	-57.9%
Operating expenses and other profit or loss	<u>(7,773)</u>	<u>(2,424)</u>	<u>(5,349)</u>	<u>220.7%</u>
<b>Segment results</b>	<b>16,269</b>	54,741	(38,472)	-70.3%
<b>Segment profit margin</b>	<u><b>3.8%</b></u>	<u>16.8%</u>	<u>-13.0ppt</u>	<u></u>

### **Segment Results — Unconsolidated Hospitals**

During the Reporting Period, the overall medical business revenue of the unconsolidated hospital segment decreased by 32.3% year-on-year to approximately RMB1.174 billion, while segment profit recorded a year-on-year decrease of 54.9% to approximately RMB47.84 million, mainly due to the impact of COVID-19 outbreak on the corresponding hospitals in the first quarter. The above-mentioned changes in the consolidated arrangement of Huaikuang Hospital and the Runneng Hospitals during the Reporting Period also affected the results of the unconsolidated hospital segment.

Nevertheless, Wugang Hospital and Wuhan Iron and Steel (Group) Corporation No. 2 Staff Hospital received donations and government subsidies which to some extent has offset the impact of the decrease in the segment results.

<b>Unconsolidated Hospitals</b>	<b>2020H1</b>	2019H1	<b>Year-on-Year</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
<b>Revenue from medical business</b>	<b>1,173,525</b>	1,733,575	(560,051)	-32.3%
Hospital management services fees	<b>20,980</b>	53,037	(32,057)	-60.4%
Third-party supply chain service fees	<b>31,459</b>	50,161	(18,702)	-37.3%
GPO gross profit	<b>4,371</b>	9,154	(4,783)	-52.3%
<b>Profit contribution</b>	<b>56,810</b>	112,352	(55,542)	-49.4%
Operating expenses and other profit or loss	<u><b>(8,971)</b></u>	<u>(6,264)</u>	<u>(2,707)</u>	<u>43.2%</u>
<b>Segment results</b>	<b>47,839</b>	106,088	(58,249)	-54.9%
<b>Segment profit margin</b>	<u><b>4.1%</b></u>	<u>6.1%</u>	<u>-2.0ppt</u>	<u></u>

#### **Segment Results — IOT/OT Hospitals**

The IOT/OT hospital segment recorded respective decrease in medical business revenue and results of 11.1% and 13.9% year-on-year due to the impact of COVID-19 epidemic like other segments during the Reporting Period.

CR Hospital Holdings, a wholly-owned subsidiary of the Company, entered into the restructuring agreement with Jing Mei Group in respect of Jing Mei Hospital and its branches 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 shall then be terminated with retrospective effect from December 31, 2019, whilst the new OT agreement shall retrospectively become effective on January 1, 2020. For further details of the restructuring agreement of Jing Mei Hospital, please refer to the section headed “Other information — Restructuring Agreement of Jing Mei Hospital” to this announcement. According to the arrangement mentioned above and being conservative, during the Reporting Period, the Group’s hospital management service fee income from Jingmei Hospital in accordance with the original IOT agreement accounted for only 49% of the corresponding management service fee income.

IOT/OT hospitals	2020H1	2019H1	Year-on-Year Change	
	RMB'000	RMB'000	RMB'000	%
<b>Revenue from medical business</b>	<b>1,100,238</b>	1,237,358	(137,120)	-11.1%
Hospital management services fees	<b>36,608</b>	49,682	(13,074)	-26.3%
Third-party supply chain service fees	<b>50,729</b>	41,622	9,107	21.9%
GPO gross profit	<b>47,512</b>	61,586	(14,074)	-22.9%
<b>Profit contribution</b>	<b>134,849</b>	152,890	(18,041)	-11.8%
Operating expenses and other profit or loss	<u>(29,969)</u>	<u>(31,059)</u>	<u>1,090</u>	<u>-3.5%</u>
<b>Segment results</b>	<b>104,880</b>	121,831	(16,951)	-13.9%
<b>Segment profit margin</b>	<u><b>9.5%</b></u>	<u>9.8%</u>	<u>-0.3ppt</u>	<u></u>

## **Segment Results — Other derived businesses**

During the Reporting Period, the segment results of the other derived businesses of the Group was approximately RMB7.6 million, which is similar to the figures of the corresponding period in previous year.

### **Headquarters operating expenses**

During the Reporting Period, the total operating expenses of the headquarters amounted to approximately RMB40 million (the same period of 2019: RMB53 million), accounting for 38.0% of the total administrative expenses of the Group (the corresponding period of 2019: 49.4%) and such a decrease was mainly due to the decrease in staff costs and operating expenses.

### **Other profit or loss**

During the Reporting Period, other profit or loss of the Group totaled approximately RMB29 million (the corresponding period of 2019: RMB22 million), which mainly included the income from bank financial products, and the change in the fair value of shares of UMP Healthcare Holdings as held by the Group and the exchange gains and losses.

### **Finance costs**

During the Reporting Period, the total finance costs of the Group amounted to approximately RMB9.3 million (the corresponding period of 2019: RMB7 million), which was mainly due to the increase in the balance of outstanding bank loan.

### **Income tax expenses**

During the Reporting Period, the Group's income tax expenses amounted to RMB46 million (the same period in 2019: RMB65 million). The effective income tax rate of the Group's recurring business was 29.4% (the same period in 2019: 25.8%).

### **Net Profit**

The performance of the Group's hospitals during the Reporting Period was affected by the COVID-19 epidemic. The Group recorded a net profit of RMB110 million, representing a year-on-year decrease of 41.5%. However, we believe that the impact of the epidemic on the business of the Group is temporary.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS, INVESTMENTS IN AND RECEIVABLES FROM JOINT VENTURE(S) AND SUBSEQUENT PLANS FOR MATERIAL CAPITAL 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 June 30, 2020, the fair value of the investment in UMP Healthcare Holdings was approximately RMB109 million.

### **Future Plans for Material Investment or Capital Assets**

Save for the capital requirements in respect of the involvement in the proposed reform of Jing Mei Hospital Group and further investments in the Jinan Zhong Qi Hospital, 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.

### **Outlook**

In the second half of 2020, our goal is to continue to strengthen the specialties and establish our brand. We shall focus on developing specialties of our member hospitals with scale, good brand name and great potential. In order to enhance our patient service system, our "RUNXIN" patient service system for patients shall be further improved to gain prestige in respect of patient experiences of the China Resources Medical network. We shall launch more innovative "Medical + Internet" products to provide easy access to our medical services. During the post-epidemic era, on the basis of maintaining anti-epidemic measures, we are striving to speed up the recovery of the operation and income of the member hospitals. In June, the income of our hospitals has substantially improved to a similar level of comparing with the same period last year. In the second half of the year, we shall keep our pace and try to achieve the business goals of 2020 which was set at the beginning of the year. In respect of the restructure of Jing Mei Hospital, we aim to completing it in the third quarter. Regarding the development of our brain specialty group, we also plan to advance the specialized reform of two hospitals in South China as soon as possible this year.



## **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 from cash generated from its operations and also 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 June 30, 2020, the Group's consolidated bank balances and cash, time deposits and bank financial products amounted to approximately RMB2.905 billion in total (December 31, 2019: RMB2.276 billion) which were primarily denominated in RMB.

As at June 30, 2020, the Group has obtained offshore revolving term loan facility of HK\$3.8 billion (or its equivalent in U.S. dollar or Renminbi). Among which, HK\$3 billion of the facilities is with no fixed term until further notice by the corresponding bank, whilst the remaining HK\$800 million is of the term of one year which shall be automatically renewed if the relevant bank does not notify otherwise. In addition, a consolidated hospital has also obtained from a bank in mainland a one-year loan facility of RMB15 million. As at June 30, 2020, the Group had interest-bearing bank borrowings of HK\$791 million and RMB12 million (equivalent to approximately RMB734 million) (December 31, 2019: HK\$646 million (equivalent to approximately RMB578 million)), and unutilized bank facilities of HK\$3.009 billion and RMB3 million (equivalent to approximately RMB2.752 billion). As at June 30, 2020, the Group's offshore bank borrowings carried interests at floating rates whilst its onshore bank borrowings carried interests at fixed rate of 2.9% per annum, and all of them would be due within one year. As at June 30, 2020, the Group's amounts payable to the sponsored hospitals of the Group amounted to RMB216 million (December 31, 2019: RMB256 million).

As at June 30, 2020, 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 8.6% (December 31, 2019: 7.3%).

### **Exposure to Fluctuation in Exchange Rates, the Interest Rate Risk 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” 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 June 30, 2020, 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 June 30, 2020, the Group did not have any material pledge of assets.

### **Employees and Remuneration Policy**

As of June 30, 2020, the Group had a total of 4,843 full-time employees (December 31, 2019: 1,178 employees). For the six months ended June 30, 2020, the staff cost (including Directors’ remuneration in the form of salaries and other benefits) was approximately RMB205 million (2019H1: RMB162 million). In addition, our unconsolidated hospitals (the financial statements of which were not consolidated to the Group) had a total of 4,300 employees (December 31, 2019: 7,422 employees).

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.

### **Contractual Obligations**

As at June 30, 2020, the Group did not have any significant contractual obligations that would have a material effect on the financial position or operations of the Group.

## **Financial Instruments**

The Group's major financial instruments include trade receivables, amounts due from related parties, receivables from IOT Hospitals, loan to a sponsored hospital, other receivables, financial assets at fair value through profit or loss, time deposits, cash and bank balances, trade payables, amount due to related parties, payables to hospitals sponsored by the Group, other payables and borrowings. The risks associated with these financial instruments include market risk, credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

## **Interim Dividend**

The Board did not recommend the payment of any interim dividend for the six months ended June 30, 2020 (six months ended June 30, 2019: nil).

## **COMPLIANCE WITH THE CG CODE**

The Company confirms that it has complied with all material code provisions of the CG Code contained in Appendix 14 to the Listing Rules during the period under review.

The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry with all Directors, the Company confirmed that all Directors complied with the Model Code throughout the period under review. Senior management, executives and staff who, because of their offices in the Company, are likely to possess inside information of the Company have also been requested to comply with the provisions of the Model Code and the Company confirmed that there was no incident of non-compliance of the Model Code by such employees throughout the period under review.

## **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. Pursuant to the laws of the PRC, the Judgment is still not effective. Yan Hua Phoenix and Yan Hua Hospital have filed appeal in January 2020 to Beijing Higher People's Court and the court hearing date is not yet fixed as at the date of this announcement.

The Company will use its best endeavours and will take all appropriate actions to protect the interests of the Company and the Shareholders.

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

### **Restructuring Agreement of Jing Mei Hospital**

On June 28, 2020, CR Hospital Holdings, a wholly-owned subsidiary of the Company, entered into the restructuring agreement with Jing Mei Group which officially finalized the shareholding structure and cooperation model of the joint investment and development of the Jing Mei Hospital Group by the contract parties. The arrangements are set out as follows: (1) establishing a sponsorship joint venture: CR Hospital Holdings and Jing Mei Group shall establish a sponsorship joint venture, and the registered capital of which shall then be subsequently increased by Jing Mei Group by way of injecting its entire interest in the Jing Mei Hospital Group, and by CR Hospital Holdings in cash (with the maximum capital contributions in the amount of not more than RMB900 million from CR Hospital Holdings). The sponsorship joint venture shall be owned as to 49% by CR Hospital Holdings and 51% by Jing Mei Group; (2) establishing a management joint venture: CR Hospital Holdings and Jing Mei Group shall establish also a management joint venture with its registered capital subsequently contributed by CR Hospital Holdings and Jing Mei Group in cash. The management joint venture shall be owned as to 49% by CR Hospital Holdings and 51% by Jing Mei Group; and (3) management arrangements of the Jing Mei Hospital Group: 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 shall then be terminated with retrospective effect from December 31, 2019, whilst the new OT agreement shall retrospectively become

effective on January 1, 2020 and shall be effective for the duration of the management joint venture. Entering into the mentioned restructuring agreement aims at fully exploring the respective advantages of Jing Mei Group and the Group in jointly participating in the reform and restructuring of the Jing Mei Hospital Group, and further introducing development funds, medical and management resources to the Jing Mei Hospital Group, so as to improve its management and operational mechanism. The cooperation model under this restructuring agreement is a further step compared with the existing IOT model, with reform and cooperation being extended to asset level. Please refer the announcement published by the Company on June 28, 2020 for more details.

## **REVIEW OF INTERIM RESULTS**

The Audit Committee, comprising two independent non-executive Directors and one non-executive Director, namely Mr. Kwong Kwok Kong (chairman of the Audit Committee), Ms. Chiu Kam Hing Kathy and Mr. Wang Yan, has reviewed the unaudited consolidated interim results of the Group for the period under review and considered that they were prepared in compliance with the relevant accounting standards, the Listing Rules and the applicable legal requirements, and that the Company has made appropriate disclosure thereof.

In addition, the unaudited consolidated interim results of the Group for the period under review have been reviewed by the external auditors of the Company.

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

For the six months ended June 30, 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (“**HKEx**”) at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.crmedical.hk](http://www.crmedical.hk) respectively. The interim report of the Company for the six months ended June 30, 2020 will be despatched to each of the Shareholders of the Company and published on HKEx's and the Company's websites in due course.

## 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
“Award Shares”	such Shares awarded pursuant to the Share Award Scheme, the maximum number of which shall not exceed 5% of the total issued capital of the Company as at August 31, 2018 and 1% of the total number issued Shares to each of the Selected Participant as at August 31, 2018
“Board” or “Board of Directors”	the board of Directors of our Company
“BVI”	the British Virgin Islands
“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
“Chief Financial Officer”	the chief financial 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 “China Resources 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



“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, or where the context requires, refers to China Resources Company Limited (中國華潤有限公司) (formerly known as China Resources National Corporation (中國華潤總公司))
“CR Holdings”	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of China Resources Company Limited (中國華潤有限公司)
“CR Hospital Holdings”	China Resources Hospital Holdings Company* (華潤醫院控股有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary and a major investment and operation platform in medical sector 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
“Director(s)”	the directors of our Company or any of them
“Eligible Persons”	any of the (i) key management personnel including the Directors and senior management of the Group; (ii) employed experts as nominated by the Board; and (iii) core employees of the Group
“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 Standards
“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
“Jinan Zhong Qi Hospital”	Jinan Zhong Qi Hospital Company Limited* (濟南重汽醫院有限公司), a limited liability company established under the laws of the PRC and a subsidiary of our Company, and its predecessor, CNHTC Hospital (中國重型汽車集團有限公司醫院), before its reform
“Jing Mei Group”	Beijing Jing Mei Group Company Limited* (北京京煤集團有限公司), a company established in the PRC with limited liability. Jing Mei Group is a wholly-owned subsidiary of Beijing Energy Holding Company Limited* (北京能源集團有限責任公司), which currently holds the entire interest in and the sponsorship of Jing Mei Hospital and its affiliated medical institutes
“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 June 2010 pursuant to the Mentougou IOT Agreement



“Mentougou Hospital for Women and Children”	Mentougou Hospital for Women and Children (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”	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
“Nomination Committee”	the nomination committee of the Board
“OT”	the “operate-transfer” model
“OT Hospital”	third-party hospital which we manage and operate under the OT model
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the period from January 1, 2020 to June 30, 2020
“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), Beijing CEEC Hospital Shuozhou Hospital* (北京中能建朔州醫院), Guangxi Hydropower Hospital* (廣西水電醫院) and Hefei Gaoxin District Changning Community Healthcare Center* (合肥高新區長寧社區衛生服務中心), Tiandong Street Dianchang Road Community Healthcare Center* (田東街道電廠路社區衛生服務中心), Gaoxin District Tianle Community Healthcare Center* (高新區天樂社區衛生服務中心), Gaoxin District Xingyuan Community Healthcare Center* (高新區興園社區衛生服務中心)
“Selected Participant(s)”	Eligible Persons selected by the Board in accordance with the terms of the Share Award Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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.HK)
“U.S. dollar” or “US\$”	United States dollar, the lawful currency of the United States of America
“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)
“Yan Hua Hospital”	Yan Hua Hospital* (北京燕化醫院)
“Yan Hua Hospital Group”	collectively, Yan Hua Hospital and the community clinics affiliated with Yan Hua Hospital
“Yan Hua Hospital Investment Management Agreement”	the hospital investment management agreement dated February 4, 2008, which was supplemented in April 2008, December 2010, June 2011, July 2013, September 2013 and October 2013, and were entered into between CR Hospital Management & Consulting, Yan Hua Hospital and Yan Hua Phoenix
“Yan Hua IOT Agreement”	the hospital management right and investment framework agreement dated February 1, 2008 and the hospital investment management agreement dated February 4, 2008, both of which were supplemented in April 2008, December 2010, June 2011, June 2013, July 2013, September 2013 and October 2013, entered into by CR Hospital Management & Consulting with Yan Hua Phoenix and Yan Hua Hospital Group
“Yan Hua Phoenix”	Beijing Yan Hua Phoenix Healthcare Asset Management Co., Ltd.* (北京燕化鳳凰醫療資產管理有限公司), a limited liability company incorporated under the laws of the PRC on July 18, 2005

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

In this announcement, the terms “subsidiary” and “substantial shareholder” shall have the same meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

Beijing, August 28, 2020

*As at the date of this announcement, the Board comprises 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; Mr. WANG Yan as non-executive Director; Mr. SONG Qing, Mr. CHENG Libing, Ms. REN Yuan and Ms. FU Yanjun as executive Directors.*