華潤鳳凰醫療控股有限公司
China Resources Phoenix Healthcare Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1515)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2018

The board of directors (the "**Board**") of China Resources Phoenix Healthcare Holdings 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, 2018 (the "**Reporting Period**") as follows:

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
Revenue	**916,117**	862,118
Profit for the period:		
Attributable to owners of the Company	**201,990**	324,924
Attributable to owners of the Company (excluding non-recurring profit or loss)	**201,990**	187,108
Earnings per Share		
– basic/diluted *(RMB yuan per Share)*	**0.16**	0.25
Earnings per Share (excluding non-recurring profit or loss)		
– basic/diluted *(RMB yuan per Share)*	**0.16**	0.15

Note: The non-recurring profit or loss recorded in 2017 H1 was the investment gain amounted to RMB137,816,000 in relation the investments in UMP (including UMP Healthcare Holdings Limited and UMP Healthcare (Beijing) Group Limited, together "**UMP**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2018

		Six months ended June 30,	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue from goods and services	*4A*	**916,117**	862,118
Cost of sales and services		**(558,047)**	(539,009)
Gross profit		**358,070**	323,109
Other income	*6*	**33,167**	23,310
Other gains and losses	*7*	**(7,074)**	117,353
Selling and distribution expenses		**(8,965)**	(9,221)
Administrative expenses		**(93,471)**	(78,240)
Finance costs		**(2,002)**	(740)
Other expenses		**(23)**	(156)
Share of profit of associates		**–**	5,499
Share of profit of joint ventures		**219**	16,655
Profit before tax		**279,921**	397,569
Income tax expense	*8*	**(73,274)**	(66,546)
Profit for the period	*9*	**206,647**	331,023
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss:			
Fair value gain on investment in an equity instrument at fair value through other comprehensive income ("FVTOCI")		**3,696**	–
		3,696	–

	Notes	Six months ended June 30, 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive expense of an associate and a joint venture		**–**	(16,332)
Fair value gain on available-for-sale ("AFS") investments		**–**	15,281
		–	(1,051)
Other comprehensive income (expense) for the period (net of tax)		**3,696**	(1,051)
Total comprehensive income for the period		**210,343**	329,972
Profit for the period attributable to:			
Owners of the Company		**201,990**	324,924
Non-controlling interests		**4,657**	6,099
		206,647	331,023
Total comprehensive income for the period attributable to:			
Owners of the Company		**205,686**	323,873
Non-controlling interests		**4,657**	6,099
		210,343	329,972
Earnings per share			
– basic (RMB yuan per share)	*11*	**0.16**	0.25
– diluted (RMB yuan per share)	*11*	**0.16**	0.25

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2018

	Notes	As at June 30, 2018 RMB'000 (unaudited)	As at December 31, 2017 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	*12*	**262,289**	256,602
Intangible assets	*13*	**2,102,538**	2,112,479
Receivables from invest-operate-transfer ("IOT") hospitals	*5*	**114,234**	110,566
Lease prepayments for land use right		**138,657**	140,345
Goodwill		**1,463,611**	1,463,611
Interests in associates		**22,575**	22,575
Interests in joint ventures		**506,652**	506,433
Loan to a sponsored hospital		**51,295**	50,312
AFS investments		**–**	137,406
Equity instrument at FVTOCI		**135,448**	–
Deposit paid for acquisition of a subsidiary		**1,900**	–
		4,799,199	4,800,329
Current assets			
Inventories		**52,037**	38,597
Trade receivables	*14A*	**350,288**	351,720
Contract assets	*14B*	**61,924**	–
Prepayments and other receivables		**56,093**	42,295
Amounts due from related parties	*21*	**2,554**	88,928
Financial assets at fair value through profit or loss ("FVTPL")		**483,000**	659,852
Certificate of deposit		**56,585**	55,426
Cash and cash equivalents		**1,149,810**	877,054
		2,212,291	2,113,872

	Notes	As at June 30, 2018 RMB'000 (unaudited)	As at December 31, 2017 RMB'000 (audited)
Current liabilities			
Trade payables	*15*	**210,169**	256,994
Other payables		**149,946**	189,641
Amounts due to related parties	*21*	**3,970**	7,260
Payables to hospitals sponsored by the Group (the "Sponsored Hospitals")	*5*	**254,152**	267,834
Tax payables		**50,979**	83,521
Borrowings	*16*	**214,991**	171,362
Contract liabilities		**15,520**	–
Dividend payables		**120,255**	–
		1,019,982	976,612
Net current assets		**1,192,309**	1,137,260
Total assets less current liabilities		**5,991,508**	5,937,589
Non-current liabilities			
Retirement benefit obligations		**17,874**	18,394
Deferred tax liability	*17*	**317,001**	317,627
		334,875	336,021
Net assets		**5,656,633**	5,601,568
Capital and reserves			
Share capital	*18*	**267**	267
Share premium		**6,179,287**	6,296,012
Reserves		**(639,238)**	(814,548)
Equity attributable to owners of the Company		**5,540,316**	5,481,731
Non-controlling interests		**116,317**	119,837
Total equity		**5,656,633**	5,601,568

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2018

	Attributable to owners of the Company												
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Treasury share reserve	Share-based payment reserve	AFS/ FVTOCI reserve	Exchange reserve	Actuarial changes reserve	Accumulated losses	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2017 (audited)	267	6,296,012	(333,372)	95,176	(195,233)	9,907	–	(541)	(16,266)	(374,219)	5,481,731	119,837	5,601,568
Adjustments (see Note 3)	–	–	–	–	–	–	(93,255)	–	–	93,255	–	–	–
At January 1, 2018 (restated)	267	6,296,012	(333,372)	95,176	(195,233)	9,907	(93,255)	(541)	(16,266)	(280,964)	5,481,731	119,837	5,601,568
Total comprehensive income for the period	–	–	–	–	–	–	3,696	–	–	201,990	205,686	4,657	210,343
Contributions by non-controlling interests	–	–	(1,800)	–	–	–	–	–	–	–	(1,800)	2,800	1,000
Purchase of shares under the Share Award Scheme (the "Scheme") (i)	–	–	–	–	(39,334)	–	–	–	–	–	(39,334)	–	(39,334)
Recognition of equity-settled share based payments	–	–	–	–	–	10,758	–	–	–	–	10,758	132	10,890
Shares vested under the Scheme (ii)	–	–	(5,742)	–	28,612	(22,870)	–	–	–	–	–	–	–
Dividends recognised as distribution	–	(116,725)	–	–	–	–	–	–	–	–	(116,725)	(11,109)	(127,834)
At June 30, 2018 (unaudited)	267	6,179,287	(340,914)	95,176	(205,955)	(2,205)	(89,559)	(541)	(16,266)	(78,974)	5,540,316	116,317	5,656,633

Notes:

(i) In June 2018, the Company paid an amount of Hong Kong dollar ("HKD") 48,162,000 (equivalent to approximately RMB39,334,000) to Computershare Hong Kong Trustees Limited (the "Trustee") to purchase the Company's existing shares of 5,000,000 on the market pursuant to the Scheme made on July 7, 2014 (amended on May 25, 2015) by the board of directors of the Company (the "Board").

(ii) In addition to shares vested in current period for shares awarded in prior years, in June 2018, the Board granted an aggregate of 1,135,000 shares to 53 selected participants who are managerial personnel under the Scheme to settle the staff cost payables to the relevant employees amounting to RMB8,919,000 which were vested on June 28, 2018.

(iii) According to the People's Republic of China (the "PRC") Company Law and the Articles of Association of the PRC subsidiaries of the Group, these companies are required to transfer 10% of their respective after-tax profits, calculated in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The statutory surplus reserve can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of these companies, provided that such fund is maintained at a minimum of 25% of the registered capital.

	Attributable to owners of the Company												
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Treasury share reserve	Share-based payment reserve	Changes in fair value of AFS investments	Exchange reserve	Actuarial changes reserve	Accumulated losses	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2017 (audited)	267	6,365,946	(334,159)	62,548	(113,721)	19,410	–	16,979	(16,266)	(762,625)	5,238,379	119,151	5,357,530
Total comprehensive income (expense) for the period	–	–	–	–	–	–	15,281	(16,332)	–	324,924	323,873	6,099	329,972
Contributions by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	800	800
Purchase of shares under the Scheme (Note)	–	–	–	–	(101,851)	–	–	–	–	–	(101,851)	–	(101,851)
Recognition of equity-settled share based payments	–	–	–	–	–	4,812	–	–	–	–	4,812	262	5,074
Shares vested under the Scheme	–	–	(506)	–	1,876	(1,370)	–	–	–	–	–	–	–
Dividends recognised as distribution	–	(70,901)	–	–	–	–	–	–	–	–	(70,901)	–	(70,901)
At June 30, 2017 (unaudited)	267	6,295,045	(334,665)	62,548	(213,696)	22,852	15,281	647	(16,266)	(437,701)	5,394,312	126,312	5,520,624

Note: In April 2017, the Company paid an amount of HKD114,917,000 (equivalent to approximately RMB101,851,000) to the Trustee to purchase the Company's existing shares of 11,000,000 on the market pursuant to the Scheme.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2018

	Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit before tax	**279,921**	397,569
Adjustments for:		
Gain on reclassification from investment in an associate accounted for using the equity method to AFS financial assets	**–**	(115,358)
Gain on partial disposal of equity interests in UMP Healthcare Holdings Limited ("UMP Healthcare Holdings")	**–**	(1,002)
Loss on deemed disposal of a joint venture	**–**	307
Share of profit of associates	**–**	(5,499)
Share of profit of joint ventures	**(219)**	(16,655)
Depreciation of property, plant and equipment	**21,140**	19,393
Amortisation of lease prepayments for land use right	**1,688**	1,688
Amortisation of intangible assets	**9,941**	9,920
Interest and investment income	**(28,704)**	(19,384)
Dividends received from equity instruments at fair value through other comprehensive income	**(404)**	–
Finance costs	**2,002**	740
Expense recognised on equity-settled share based payments	**2,232**	5,074
Loss (gain) on disposal of property, plant and equipment, net	**1,317**	(28)
Foreign exchange loss (gain), net	**5,757**	(1,270)
Operating cash flows before movements in working capital	**294,671**	275,495
Movements in working capital		
Increase in inventories	**(13,440)**	(11,378)
Increase in trade receivables	**(55,008)**	(75,793)
Increase in contract assets	**(19,301)**	–
(Increase) decrease in prepayments and other receivables	**(14,059)**	26,057
Decrease in amount due from related parties	**86,374**	4,824
Decrease in trade payables	**(46,825)**	(33,436)
Increase in contract liabilities	**10,336**	–
Decrease in other payables	**(26,039)**	(7,646)
(Decrease) increase in amounts due to related parties	**(3,290)**	3,404
Cash generated from operations	**213,419**	181,527
Income taxes paid	**(106,442)**	(21,959)
Net cash generated from operating activities	**106,977**	159,568

	Six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
INVESTING ACTIVITIES		
Investment income received from financial products	**20,835**	12,376
Purchase of financial products	**(2,478,000)**	(1,996,548)
Proceeds from disposal of financial products	**2,654,852**	1,589,748
Purchase of certificate of deposit	**(112,627)**	(108,203)
Proceeds from certificate of deposit	**111,468**	106,653
Purchases of property, plant and equipment	**(28,214)**	(12,895)
Repayment from IOT hospitals	**3,218**	3,203
Deposit paid for the acquisition of a subsidiary	**(1,900)**	–
Proceeds from disposal of property, plant and equipment	**–**	100
Proceeds from partial disposal of equity interests in UMP Healthcare Holdings	**5,654**	5,585
Dividends received from an associate	**–**	489
Dividends received from equity instruments at fair value through other comprehensive income	**404**	–
Net cash from (used in) investing activities	**175,690**	(399,492)
FINANCING ACTIVITIES		
Interest paid	**(1,558)**	(288)
Payment for repurchase of ordinary shares	**(39,334)**	(101,851)
Dividends paid	**(11,109)**	–
Repayment to the Sponsored Hospitals	**(309)**	(54,280)
Contributions by non-controlling interests	**1,000**	780
Proceeds from bank and other borrowings	**40,835**	130,188
Net cash used in financing activities	**(10,475)**	(25,451)
Net increase (decrease) in cash and cash equivalents	**272,192**	(265,375)
Cash and cash equivalents at the beginning of the period	**877,054**	1,069,468
Effect of foreign exchange rate changes	**564**	1,213
Cash and cash equivalents at the end of the period	**1,149,810**	805,306
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**1,149,810**	805,306

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

China Resources Phoenix Healthcare Holdings Co., Ltd. (formerly known as Phoenix Healthcare Group Co. Ltd.) (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on February 28, 2013. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since November 29, 2013. The registered office of the Company is 4th Floor, Harbour Place, 103 South Church Street, Grand Cayman KY1-1002, Cayman Islands, and its principal place of business is located at E-825, No. 6 Taiping Street, Xicheng District, Beijing, the PRC. The Company is an investment holding company.

On October 31, 2016 (the "Acquisition Date"), Pinyu Limited ("Pinyu"), an indirect wholly-owned subsidiary of the Company, acquired the entire share capital of Ample Mighty Limited ("Ample Mighty") and its subsidiaries from China Resources Healthcare Group Limited (華潤健康控股有限公司, formerly known as 華潤醫療控股有限公司 in Chinese) ("CR Healthcare Group"). After completion of the acquisition of Ample Mighty and its subsidiaries (the "Acquisition"), the name of the Company has been changed from "Phoenix Healthcare Group Co. Ltd." ("鳳凰醫療集團有限公司") to "China Resources Phoenix Healthcare Holdings Co., Ltd." ("華潤鳳凰醫療控股有限公司").

The Company and its subsidiaries (the "Group") are mainly engaged in provision of general healthcare services, provision of hospital management services, group purchasing organization ("GPO") business and other hospital-derived services in Mainland China.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting issued by the International Accounting Standards Board (the "IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2017.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after January 1, 2018 for the preparation of the Group's condensed consolidated financial statements:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

In addition, the Group has applied Amendments to IFRS 9 Prepayment Features with Negative Compensation in advance of the effective date, i.e. January 1, 2019.

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

3.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current interim period. IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from providing general healthcare services, hospital management services, GPO business and other hospital-derived services.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, January 1, 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at January 1, 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 Revenue and IAS 11 Construction Contracts and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of IFRS 15

IFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation in respect of the hospital management services contracts is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date and is calculated based on the pre-set formulas, the Group may recognise revenue in the amount to which the Group has a right to invoice.

Variable consideration

For IOT arrangements and management service arrangements with sponsored hospitals that contain variable consideration, service fee is calculated based on pre-set formulas set out in the arrangements and subject to limitations primarily relating to the IOT hospitals' and Sponsored Hospitals' net income before tax (收支結餘) and/or the Groups' performance rating assessments, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Principal versus agent

When another party is involved in providing goods or services to a customer in respect of GPO business, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

3.1.2 Summary of effects arising from initial application of IFRS 15

The transition to IFRS 15 has no material impact on the Group's accumulated losses at January 1, 2018.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at January 1, 2018. Line items that were not affected by the changes have not been included.

	Notes	**Carrying amounts previously reported at December 31, 2017** *RMB'000*	**Reclassification** *RMB'000*	**Remeasurement** *RMB'000*	**Carrying amounts under IFRS 15 at January 1, 2018** *RMB'000*
Current assets					
Trade receivables	*(a)*	351,720	(42,623)	–	309,097
Contract assets	*(a)*	–	42,623	–	42,623
Current liabilities					
Other payables	*(b)*	189,641	(5,184)	–	184,457
Contract liabilities	*(b)*	–	5,184	–	5,184

Note:

(a) At the date of initial application, unbilled revenue of RMB42,623,000 arising from management service contracts are conditional on the audited annual results of operations of the IOT hospitals and Sponsored Hospitals as stipulated in the contracts, and hence such balance was reclassified from trade receivables to contract assets.

(b) At the date of initial application, advances from customers of RMB5,184,000 mainly in respect of GPO business and other hospital-derived service previously included in other payables were reclassified to contract liabilities.

The following tables summarise the impacts of applying IFRS 15 on the Group's condensed consolidated statement of financial position as at June 30, 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

	As reported *RMB'000*	**Adjustments** *RMB'000*	**Amount without application of IFRS 15** *RMB'000*
Current assets			
Trade receivables	350,288	61,924	412,212
Contract assets	61,924	(61,924)	–
Current liabilities			
Other payables	149,946	15,520	165,466
Contract liabilities	15,520	(15,520)	–

3.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments and the related amendments

In the current interim period, the Group has applied IFRS 9 Financial Instruments, Amendments to IFRS 9 Prepayment Features with Negative Compensation and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items (for example, contract assets) and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at January 1, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at January 1, 2018. The difference between carrying amounts as at December 31, 2017 and the carrying amounts as at January 1, 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 Financial Instruments: Recognition and Measurement.

3.2.1 Key changes in accounting policies resulting from application of IFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15.

All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under IAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the FVTOCI reserve.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at January 1, 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 3.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade receivables, receivables from IOT hospitals, loan to a sponsored hospital, other receivables, amounts due from related parties, certificate of deposit, and bank balances) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets, and amounts due from related parties arising from contracts with customers. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial assets and contract assets by recognising the corresponding adjustment through a loss allowance account.

As at January 1, 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9. The results of the assessment and the impact thereof are detailed in Note 3.2.2.

3.2.2 Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under IFRS 9 and IAS 39 at the date of initial application, January 1, 2018.

	Notes	AFS investments *RMB'000*	Financial assets designated at FVTPL *RMB'000*	Financial assets at FVTPL required by IAS 39/ IFRS 9 *RMB'000*	Equity instruments at FVTOCI *RMB'000*	Trade receivables *RMB'000*	Contract assets *RMB'000*	AFS/ FVTOCI reserve *RMB'000*	Accumulated losses *RMB'000*
Closing balance at December 31, 2017- IAS 39 (audited)		137,406	659,852	–	–	351,720	–	–	(374,219)
Effect arising from initial application of IFRS 15		–	–	–	–	(42,623)	42,623	–	–
Effect arising from initial application of IFRS 9:									
Reclassification									
From AFS	*(a)*	(137,406)	–	–	137,406	–	–	(93,255)	93,255
From designated at FVTPL	*(b)*	–	(659,852)	659,852	–	–	–	–	–
Opening balance at January 1, 2018 (restated)		–	–	659,852	137,406	309,097	42,623	(93,255)	(280,964)

(a) AFS investments

From AFS equity investments to FVTOCI

The Group elected to present in OCI for the fair value changes of its equity investment previously classified as AFS, of which RMB137,406,000 related to a listed equity investment previously measured at fair value under IAS 39. The investment is not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, RMB137,406,000 were reclassified from AFS investments to equity instruments at FVTOCI. Impairment losses previously recognised of RMB93,255,000 were transferred from accumulated losses to FVTOCI reserve as at January 1, 2018.

(b) Financial assets designated at FVTPL

At the date of initial application, the Group no longer applied designation as measured at FVTPL for financial products and these financial assets are mandatorily measured at FVTPL under IFRS 9, because the contractual terms of these financial assets do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding. As a result, the fair value of these investments of RMB659,852,000 were reclassified from financial assets designated at FVTPL to financial assets at FVTPL.

(c) **Impairment under ECL model**

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables, amounts due from related parties arising from contracts with customers and contract assets. To measure the ECL, contract assets, trade receivables and amounts due from related parties arising from contracts with customers have been grouped based on shared credit risk characteristics and the day past due. The contract assets relate to unbilled services and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortised cost mainly comprise of receivables from IOT hospitals, loan to a sponsored hospital, other receivables, non-trade amounts due from related parties, certificate of deposit and bank balances are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

No material additional credit loss allowance is recognised against accumulated losses as at January 1, 2018.

4A. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue

	For the six months ended June 30, 2018					
	General healthcare services *RMB'000* (unaudited)	Hospital management services *RMB'000* (unaudited)	GPO business *RMB'000* (unaudited)	Other hospital-derived services *RMB'000* (unaudited)	Eliminations *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
Types of goods or service						
General healthcare services						
In-patient	**126,955**	**–**	**–**	**–**	**–**	**126,955**
Out-patient	**204,356**	**–**	**–**	**–**	**–**	**204,356**
	331,311	**–**	**–**	**–**	**–**	**331,311**
Hospital management services						
From IOT hospitals	**–**	**49,317**	**–**	**–**	**–**	**49,317**
From Sponsored Hospitals	**–**	**40,738**	**–**	**–**	**–**	**40,738**
From an OT hospital	**–**	**1,405**	**–**	**–**	**–**	**1,405**
From third party suppliers (Note)	**–**	**120,370**	**–**	**–**	**–**	**120,370**
	–	**211,830**	**–**	**–**	**–**	**211,830**

	For the six months ended June 30, 2018					
	General healthcare services	**Hospital management services**	**GPO business**	**Other hospital-derived services**	**Eliminations**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
GPO business						
From IOT hospitals	–	–	342,530	–	–	342,530
From Sponsored Hospitals	–	–	12,017	–	–	12,017
From subsidiaries	–	–	87,658	–	(87,658)	–
	–	–	442,205	–	(87,658)	354,547
Other hospital-derived services	–	–	–	18,922	(493)	18,429
Total	331,311	211,830	442,205	18,922	(88,151)	916,117

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

Note: The Group entered into the agreements with its third party suppliers for the joint development of a regional integrated pharmaceutical supply chain management system ("Supply Chain Joint Development Agreement"), which became effective from January 1, 2017. With Beijing Jian Gong Hospital Co., Ltd. (北京市健宮醫院有限公司) ("Jian Gong Hospital"), 999 Medical Clinic (Shenzhen) Co., Ltd. ("三九醫療門診部（深圳）有限責任公司") ("999 Clinic") (collectively referred to as the "For-profit Hospitals "), two IOT hospitals and two Sponsored Hospitals as the main service targets, the Group provides supply chain management services to the suppliers and charge the suppliers supply chain management service fees mainly based on a percentage of relevant pharmaceutical purchases made by the hospitals mentioned above from the suppliers. The agreements will expire as at December 31, 2018 and December 31, 2019, respectively.

4B. SEGMENT INFORMATION

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

Segment revenue, results, assets and liabilities
For the six months ended June 30, 2018 (unaudited)

	General healthcare services *RMB'000*	Hospital management services *RMB'000*	GPO business *RMB'000*	Other hospital-derived services *RMB'000*	Total *RMB'000*
External revenues	**331,311**	**211,830**	**354,547**	**18,429**	**916,117**
Inter-segment revenue	**–**	**–**	**87,658**	**493**	**88,151**
Segment revenue	**331,311**	**211,830**	**442,205**	**18,922**	**1,004,268**
Eliminations					**(88,151)**
Consolidated revenue					**916,117**
Segment results	**24,381**	**156,291**	**79,416**	**9,740**	**269,828**
Unallocated interest and investment income					**23,740**
Dividend received from equity instrument at FVTOCI					**404**
Share-based payment expense					**(2,232)**
Finance cost					**(2,002)**
Foreign exchange losses					**(5,757)**
Other unallocated expense					**(4,060)**
Profit before tax					**279,921**

For the six months ended June 30, 2017 (unaudited)

	General healthcare services *RMB'000*	Hospital management services *RMB'000*	GPO business *RMB'000*	Other hospital-derived services *RMB'000*	Total *RMB'000*
External revenues	316,719	162,278	369,492	13,629	862,118
Inter-segment revenue	–	–	81,749	–	81,749
Segment revenue	316,719	162,278	451,241	13,629	943,867
Eliminations					(81,749)
Consolidated revenue					862,118
Segment results	39,114	113,944	90,765	8,704	252,527
Gain on reclassification from investment in an associate accounted for using the equity method to AFS financial assets					115,358
Unallocated share of profit of joint ventures					16,264
Share of profit of associates					5,499
Gain on partial disposal of equity interests in UMP Healthcare Holdings					1,002
Loss on deemed disposal of a joint venture					(307)
Unallocated interest and investment income					14,713
Share-based payment expense					(5,074)
Finance cost					(740)
Other unallocated expense					(1,673)
Profit before tax					397,569

	As at	
	June 30, 2018	December 31, 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Segment assets:		
General healthcare services	**564,106**	567,956
Hospital management services	**3,025,215**	2,945,918
GPO business	**292,065**	367,240
Other hospital-derived business	**5,761**	3,409
	3,887,147	3,884,523
Unallocated assets	**3,311,029**	3,216,186
Elimination of inter-segment receivables	**(186,686)**	(186,508)
Consolidated assets	**7,011,490**	6,914,201
Segment liabilities:		
General healthcare services	**146,303**	191,378
Hospital management services	**801,170**	827,966
GPO business	**243,775**	301,091
Other hospital-derived business	**9,123**	3,860
	1,200,371	1,324,295
Unallocated liabilities	**341,172**	174,846
Elimination of inter-segment payables	**(186,686)**	(186,508)
Consolidated liabilities	**1,354,857**	1,312,633

5. IOT ARRANGEMENTS/MANAGEMENT SERVICE ARRANGEMENTS WITH SPONSORED HOSPITALS/AN OT ARRANGEMENT

Details of the IOT arrangements and management service arrangements with Sponsored Hospitals have been disclosed in the Company's annual reports in prior years. There is no change in these arrangements during the current interim period.

China Resources Hospital Management Company Limited (華潤醫院管理有限公司) (the "Hospital Management"), a wholly owned subsidiary of the Group, entered into a hospital operation and management agreement (the "OT agreement") for the purpose of providing operation and management services to Tai'an High Speed Rail Hospital (泰安高鐵醫院) ("Tai'an Hospital") with a period of 20 years, commencing on the day after the staff accredited by Hospital Management to the preparation working group of Tai'an Hospital commence their duties. Under the OT agreement, the Group operates and provides management services to the OT hospital and derive management fee based on pre-set formulas set out in the OT agreements from Tai'an City High Speed Rail New District Development Centre or Tai'an Hospital. Further details please refer to the Company's announcement dated March 21, 2018.

(i) The amount of hospital management services fees received/receivable by the Group from the IOT hospitals, the Sponsored Hospitals and an OT hospital are as follows:

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
IOT hospitals	**49,317**	28,535
Sponsored Hospitals	**40,738**	82,360
OT hospital	**1,405**	–
	91,460	110,895

(ii) The amount of revenue and cost of sales derived from GPO business to the IOT hospitals and the Sponsored Hospitals are as follows:

	For the six months ended June 30, 2018	
	Revenue	**Cost**
	RMB'000	***RMB'000***
	(unaudited)	**(unaudited)**
IOT hospitals	**342,530**	**268,900**
Sponsored Hospitals	**12,017**	**10,461**
	354,547	**279,361**

Note: Revenue derived from GPO business to the Sponsored Hospitals contains revenue from China Resources Wuhan Iron and Steel Hospital Group (華潤武鋼醫院集團) ("Wugang Hospital Group") of RMB3,808,000 (six months ended June 30, 2017: nil). Wugang Hospital Group is a Sponsored Hospital of China Resources Wugang (Hubei) Hospital Co., Ltd (華潤武鋼（湖北）醫院管理有限公司), which is the Group's joint venture.

	For the six months ended June 30, 2017	
	Revenue	Cost
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
IOT hospitals	364,279	282,962
Sponsored Hospitals	4,677	4,589
	368,956	287,551

(iii) The carrying amount of operating rights and the sponsorship rights and services contracts, classified as intangible assets (Note 13), and receivables from IOT hospitals at the end of the reporting period are as follows:

As at June 30, 2018 (unaudited)

	Operating rights under IOT arrangements	**Sponsorship rights and services contracts**	**Receivables from the IOT hospitals**	
			Current portion	**Non-current portion**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
IOT hospitals	**374,512**	**–**	**14,838**	**114,234**
The Sponsored Hospitals	**–**	**1,728,026**	**–**	**–**
	374,512	**1,728,026**	**14,838**	**114,234**

As at December 31, 2017 (audited)

	Operating rights under IOT arrangements	Sponsorship rights and services contracts	Receivables from the IOT hospitals	
			Current portion	Non-current portion
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
IOT hospitals	384,453	–	14,838	110,566
The Sponsored Hospitals	–	1,728,026	–	–
	384,453	1,728,026	14,838	110,566

(iv) The amount of trade and other receivables (including amounts due from related parties)and contract assets with the IOT hospitals and the Sponsored Hospitals, loan to a sponsored hospital and payables to the Sponsored Hospitals at the end of the reporting period are as follows:

As at June 30, 2018 (unaudited)

	Contract assets	**Trade and other receivables**	**Loan to a sponsored hospital**	**Loans from the Sponsored Hospitals**	**Amounts due to the Sponsored Hospitals**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
			(Note a)	*(Note b)*	*(Note c)*
IOT hospitals	**53,603**	**239,923**	**–**	**–**	**–**
The Sponsored Hospitals	**8,321**	**30,995**	**51,295**	**44,152**	**210,000**
An OT hospital	**–**	**1,500**	**–**	**–**	**–**
	61,924	**272,418**	**51,295**	**44,152**	**210,000**

As at December 31, 2017 (audited)

	Trade and other receivables *RMB'000*	Loan to a sponsored hospital *RMB'000* *(Note a)*	Loans from the Sponsored Hospitals *RMB'000* *(Note b)*	Amounts due to the Sponsored Hospitals *RMB'000* *(Note c)*
IOT hospitals	351,829	–	–	–
The Sponsored Hospitals	22,265	50,312	57,834	210,000
	374,094	50,312	57,834	210,000

Notes:

a. In November 2014, China Resources Hospital Hospital Investment (China) Co., Ltd (華潤醫院投資(中國)有限公司) and Xuzhou Mining Hospital (徐州市礦山醫院) entered into a three-year loan agreement. Pursuant to the agreement, the loan bears the prevailing three-year bank loan interest rate plus 2%. The interest will be paid on its maturity.

In November 2017, the above three-year loan agreement was renewed and extended to November 2020. Pursuant to the agreement, the loan bears the prevailing three-year bank loan interest rate. The interest will be paid on its maturity.

b. Loans from the Sponsored Hospitals are unsecured, bearing interest at 0.35% per annum and payable on demand.

c. The balances are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

6. OTHER INCOME

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest and investment income on:		
financial products	**20,835**	12,376
receivables from IOT hospitals	**6,886**	7,008
bank deposits	**2,905**	2,337
loan to a sponsored hospital	**983**	1,158
Dividend income on equity instruments at FVTOCI	**404**	–
Others	**1,154**	431
	33,167	23,310

7. OTHER GAINS AND LOSSES

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss) gain on disposal of property, plant and equipment	**(1,317)**	30
Foreign exchange (loss) gain, net	**(5,757)**	1,270
Gain on reclassification of interest in UMP Healthcare Holdings from associate to AFS investments (Note)	**–**	115,358
Gain on partial disposal of UMP Healthcare Holdings	**–**	1,002
Loss on deemed disposal of UMP Healthcare (Beijing) Group Limited	**–**	(307)
	(7,074)	117,353

Note: The Group's board representative in UMP Healthcare Holdings resigned on June 15, 2017, since then the Group no longer holds any directorship in UMP Healthcare Holdings. The Board consider the Group has lost its significant influence over UMP Healthcare Holdings as the Group is unable to participate in the financial and operating policy decisions of UMP Healthcare Holdings. Accordingly, on June 15, 2017, the Group reclassified the interest in UMP Healthcare Holdings from associate to AFS investments and measured the retained interests in UMP Healthcare Holdings at fair value. The fair value as at June 15, 2017 is RMB265,230,000, which is determined based on the closing price of HKD2.79 per share quoted on the Stock Exchange. The difference amounting to RMB100,843,000 between the fair value of the retained interests and the then carrying amount of RMB164,387,000 has been recognised in profit or loss during the six months ended June 30, 2017. The previously recognised other comprehensive income in relation to UMP Healthcare Holdings has been reclassified to profit or loss, which is amounting to RMB14,515,000, during the six months ended June 30, 2017.

8. INCOME TAX EXPENSES

Income tax expense recognised in profit or loss:

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax:		
PRC enterprise income tax ("EIT")	**73,900**	67,172
Deferred tax *(Note 17)*	**(626)**	(626)
Total income tax recognised in profit or loss	**73,274**	66,546

The PRC subsidiaries of the Group are subject to EIT at 25% during both periods.

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax during both periods.

9. PROFIT FOR THE PERIOD

The Group's profit for the period has been arrived at after charging:

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**21,140**	19,393
Amortisation of lease prepayments for land use right	**1,688**	1,688
Amortisation of intangible assets (Included in cost of sales and services)	**9,941**	9,920
Total depreciation and amortisation	**32,769**	31,001
Cost of inventories recognised as expense	**449,372**	440,266
Operating lease rentals in respect of rented premises	**1,912**	1,859

10. DIVIDENDS

On May 31, 2018, a resolution was passed at the annual general meeting. The Company declared the final dividend of HKD11 cents per share in respect of the year ended December 31, 2017 with total dividends of approximately HKD142,634,000 (equivalent to approximately RMB116,725,000) to shareholders whose names appear on the register of members of the Company on June 19, 2018. The dividend was paid on July 20, 2018.

On June 16, 2017, a resolution was passed at the annual general meeting. The Company declared the final dividend of HKD6.3 cents per share in respect of the year ended December 31, 2016 with total dividends of approximately HKD81,691,000 (equivalent to approximately RMB70,901,000) to shareholders whose names appear on the register of members of the Company on June 27, 2017. The dividend was paid on July 28, 2017.

The Board do not recommend the payment of an interim dividend for the six months ended June 30, 2018 (six months ended June 30, 2017: nil).

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the company is based on the following data:

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Profit for the purpose of basic and diluted earnings per share for the period attributable to the owners of the Company	**201,990**	324,924
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	**1,276,937**	1,278,838
Effect of dilutive potential ordinary shares:		
Non-vested shares under the Scheme (in thousands)	**1,936**	4,317
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	**1,278,873**	1,283,155

The weighted average number of shares used for the purpose of calculating the basic earnings per share for six months ended June 30, 2018 and 2017 has been arrived at after adjusting the effect of shares repurchased and held by the Scheme.

12. PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment (mainly including an office premise and medical devices) of RMB28,143,000 for the six months ended June 30, 2018 (six months ended June 30, 2017: RMB12,895,000).

13. INTANGIBLE ASSETS

The intangible assets of the Group represent operating rights under IOT agreements and sponsorship rights and services contracts. Operating rights under IOT agreements have finite useful lives, and are amortised on a straight-line basis over the operating period set out in the IOT agreements which ranged from 16 to 48 years. Sponsorship rights and services contracts have indefinite useful lives.

14A. TRADE RECEIVABLES

The Group allows a credit period of approximately 30 days for the professional medical consultation service provided to third parties, 60 days for the general healthcare service to the patients which is due from medical insurance programs, 60 days to 120 days for the sales of pharmaceutical, medical devices and consumables to the IOT hospitals and the Sponsored Hospitals, and 90 days to 180 days for the hospital management services to the IOT hospitals, the Sponsored Hospitals and an OT hospital after issuing the invoice.

The following is an aged analysis of trade receivables presented based on the invoice date:

	As at **June 30, 2018** *RMB'000* **(unaudited)**	As at December 31, 2017 *RMB'000* (audited)
0 to 60 days	**178,251**	192,462
61 to 180 days	**101,462**	138,010
>180 days	**70,575**	21,248
	350,288	351,720

14B. CONTRACT ASSETS

	As at June 30, 2018 *RMB'000* **(unaudited)**
Hospital management services	**61,924**

The contract assets primarily relate to the Group's right to consideration for service completed and not billed because the rights are conditional on the audited annual results of operations of the IOT hospitals and Sponsored Hospitals as stipulated in the contracts at the reporting date in respect of hospital management services. The contract assets are transferred to trade receivables when the rights become unconditional, i.e. when the audited annual results of operations of the IOT hospitals and Sponsored Hospitals are finalised.

15. TRADE PAYABLE

Trade payables are non-interest bearing and are normally granted on a credit term of 0 to 90 days. An aged analysis of the Group's trade payables, based on the date of delivering of goods, is as follows:

	As at **June 30, 2018** *RMB'000* **(unaudited)**	As at December 31, 2017 *RMB'000* (audited)
0 to 60 days	**141,276**	179,880
61 to 180 days	**49,902**	62,572
>180 days	**18,991**	14,542
	210,169	256,994

16. BORROWINGS

	As at June 30, 2018 RMB'000 (unaudited)	December 31, 2017 RMB'000 (audited)
Bank loans	**214,991**	171,362
Carrying amount repayable:		
Within one year	**214,991**	171,362

In March 2017 and June 2018, the Group entered into a loan agreement and a supplementary agreement (collectively referred to as the "Loan Agreement") with Develop Bank of Singapore ("DBS"), which are unsecured, bearing a floating interest rate at HIBOR plus 0.88% per annum. Under the Loan Agreement, the Company borrowed three loans. The principals of these bank loans are HKD150,000,000, HKD55,000,000 and HKD50,000,000 and the maturity dates are July 7, 2018, July 22, 2018 and July 24, 2018, respectively. As at June 30, 2018, the unused banking facilities are HKD1,745,000,000 (December 31, 2017: HKD595,000,000).

17. DEFERRED TAXATION

The movement of the Group's deferred tax liability during the periods are as follows:

	Fair value adjustment on acquisition of subsidiaries *RMB'000*
At January 1, 2017 (audited)	318,880
Credit to profit or loss	(626)
At June 30, 2017 (unaudited)	318,254
At January 1, 2018 (audited)	317,627
Credit to profit or loss	(626)
At June 30, 2018 (audited)	317,001

As at the end of the current interim period, the tax loss amounting to RMB126,098,000 (December 31, 2017: RMB131,845,000) were from the PRC subsidiaries of Ample Mighty, which were acquired by the Group through the Acquisition. No deferred tax asset has been recognised in relation to those tax losses due to the unpredictability of future profit streams of the relevant PRC subsidiaries and it is not probable that taxable profit will be available against which the tax losses can be utilised.

18. SHARE CAPITAL

	Number of shares	Share capital *HKD'000*	Share capital *RMB'000*
Ordinary shares of HKD0.00025 each			
Authorised			
At January 1, 2017, December 31, 2017 and June 30, 2018	3,040,000,000	760	633
Issued and fully paid			
At January 1, 2017, December 31, 2017 and June 30, 2018	1,296,676,516	325	267

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	**Fair value as at** *(RMB'000)* **June 30, 2018 (unaudited)**	December 31, 2017 (audited)	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
Equity instruments at fair value through other comprehensive income	**135,448**	–	Level 1	Quoted bid prices in an active market
AFS investments	**–**	137,406	Level 1	Quoted bid prices in an active market
Financial assets at fair value through profit or loss – financial products	**483,000**	659,852	Level 2	Determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Future cash flows are estimated based on expected return rates.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in these condensed consolidated financial statements approximate their fair values.

20. CAPITAL AND OTHER COMMITMENTS

The following is the details of capital expenditure and other commitment contracted for but not provided in the condensed consolidated financial statements.

	As at	
	June 30, 2018	December 31, 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Capital expenditure		
In respect of acquisition of property, plant and equipment	**5,149**	6,341
Other commitment		
In respect of investment amounts to the IOT Hospitals that will be repaid back to the Group		
Amounts to IOT hospitals under IOT agreements	**538,000**	538,000
In respect of acquisition of a subsidiary	**1,900**	–
	539,900	538,000

21. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these condensed consolidated financial statements, the Group has the following material related parties:

(i) Names and relationships

Names and relationships with related parties are as follows:

Name	Relationship
Yan Hua Hospital (北京燕化醫院) ("Yan Hua Hospital") *(Note)*	Entity controlled by the close family members of a substantial shareholder with significant influence over the Company previously
Subsidiaries controlled by China Resources Company Limited ("CR Limited", formerly known as China Resources National Corporation)	Fellow subsidiaries of CR Healthcare Group which has significant influence over the Company

Note: The substantial shareholder of the Company had disposed all the shares of the Company it held from January 24, 2018 to January 25, 2018; the Group ceased to have any representative holding the position of council member in Yan Hua Hospital from then on. Thus Yan Hua Hospital is no longer considered as the Group's related party since January 25, 2018 and the related party transactions with Yan Hua Hospital disclosed for this current interim period is the transactions made from January 1, 2018 to January 25, 2018. Further details please refer to the Company's announcement dated January 25, 2018.

(ii) Related party balances

At the end of the reporting period, the Group had the following balances with related parties:

Amounts due from related parties

	As at June 30, 2018 *RMB'000* (unaudited)	December 31, 2017 *RMB'000* (audited)
Trade in nature		
Yan Hua Hospital	**N/A**	83,991
Subsidiaries controlled by CR Limited	**231**	2,661
	231	86,652

The following is an aged analysis of amounts due from related parties which is trade in nature based on the invoice date at the end of the reporting period:

	As at June 30, 2018 *RMB'000* (unaudited)	December 31, 2017 *RMB'000* (audited)
Within 60 days	**231**	34,588
61-180 days	**–**	52,061
181-1 year	**–**	3
	231	86,652

The Group had the following balances of receivables from Yan Hua Hospital under the IOT arrangements at the end of the reporting period:

	As at June 30, 2018 *RMB'000* (unaudited)	December 31, 2017 *RMB'000* (audited)
Receivables from Yan Hua Hospital	**N/A**	32,223
Less: current portion included in prepayments and other receivables	**N/A**	(3,262)
Non-current portion	**N/A**	28,961

	As at June 30, 2018 *RMB'000* (unaudited)	December 31, 2017 *RMB'000* (audited)
Non-trade in nature		
Subsidiaries controlled by CR Limited	**2,323**	2,276

The amounts due from related parties are denominated in RMB, unsecured, interest-free and repayable on demand. As at June 30, 2018 and December 31, 2017, the Group did not have amount due from related parties which was past due.

Amounts due to related parties

	As at June 30, 2018	December 31, 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade in nature		
Subsidiaries controlled by CR Limited	**3,620**	7,038

	As at June 30, 2018	December 31, 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Non-trade in nature		
Subsidiaries controlled by CR Limited	**350**	222

The above amounts are unsecured, interest free and repayable on demand.

Cash and cash equivalents

	As at June 30, 2018	December 31, 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Subsidiaries controlled by CR Limited	**44**	100,357

Bank balances carried interest at a market rate of 0.35% (December 31, 2017: from 0.01% to 1.35%) per annum.

Financial assets at fair value through profit or loss

	As at June 30, 2018	December 31, 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Subsidiaries controlled by CR Limited	**200,000**	182,000

As at June 30, 2018, the expected annual return rates of the financial products are 5% (December 31, 2017: was from 3% to 4%) per annum and the maturity is in September 2018.

(iii) Related party transactions

Trade in nature

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Hospital management services		
Yan Hua Hospital *(Note 21(i))*	**3,163**	–

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
GPO business		
Yan Hua Hospital *(Note 21(i))*	**17,103**	122,555

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Purchases of Goods		
Subsidiaries controlled by CR Limited	**26,328**	18,576

(iv) Compensation of key management personnel

The emoluments of key management during the period are as follows:

	For the six months ended June 30,	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Short-term employees benefits	**5,686**	3,115
Post-employment benefits	**110**	50
	5,796	3,165

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Reporting Period, the medical and healthcare industry institutional program has been implemented. The newly established National Health Commission and the National Health Insurance Bureau marked that China's medical reform shall focus on providing comprehensive health services to people which shall cover all phases, and comprehensively promote medical care based on the principle of "maintaining basic coverage, enhancing capabilities of lower-level medical institutions and facilitating the system and mechanism", aiming to develop three medical linkages among healthcare, medical insurance and medication ("三醫聯動"), and continue to enhance the standard of medical security in China.

At the same time, driven by the in-depth new healthcare reform, numerous opportunities have arisen for the social capital to enter the medical service industry. The Group will be also benefited with numerous opportunities from the general reform of public hospitals, output of professional hospital management, development of hospital groups network, differentiated healthcare services, and development of elderly care and rehabilitation.

On July 17, 2018, the State-owned Assets Supervision and Administration Commission of the State Council has issued the "Notice on Further Promotion of In-depth Reform of Medical Institutions operated by Central Enterprises" (National Capital Administration – Doc. No. Reform [2018] No. 25), set out the timetable and road map for the reform of medical institutions of central enterprises, and the relevant central enterprises are required to strengthen their relevant working teams, conduct research on each of the medical institutions, design the detailed plan of reform, in order to ensure such medical institutions reform to be completed by the end of 2018. The detailed plan of reform plans, which have been accordingly approved the central companies following their relevant internal decision making procedures shall be submitted to the SASAC by the end of August 2018, and SASAC will then follow up by supervising and conducting inspection according to the plan submitted by each institution.

China Resources Group is a state-owned enterprise recognized by the SASAC as a state-owned entity group with healthcare business as one of its core businesses. It is the social responsibility of China Resources Group, as a central enterprise, to actively participate in the in-depth reform of medical institutions operated as non-core business by other central enterprises, and properly solve the problems left over from the history of the state-owned enterprises of China, and such participation is also following our basic direction in expanding our main healthcare business and a way to break through. As the unique listed platform for China Resources Group in developing its medical and healthcare segment, China Resources Phoenix is taking the responsibility of improving medical services, enhancing the operational efficiency of state-owned hospitals and public hospitals, expanding the hospital network, and establishing a leading hospital group in China.

Benefiting from the further integration of supply chain management business, the consolidated revenue of the Group for the Reporting Period amounted to RMB916 million, representing a year-on-year increase of 6.3%; net profit for the period amounted to RMB207 million, whilst recurring net profit for the period also amounted to RMB207 million (the recurring net profit for the same period last year was RMB193 million, whilst the net profit for the same period last year including non-recurring profit or loss amounted to RMB331 million). Although a year-on-year decrease of 37.6% in net profit for the period was recorded, the recurring net profit for the period increased by 7.0% on year-on-year basis. Decrease in net profit for the period is due to the absence of similar non-recurring profit or loss items during the Reporting Period while the non-recurring profit or loss amounted to approximately RMB138 million as recorded in 2017H1. Earnings per share of the Group amounted to RMB0.16, of which recurring earnings per share was also RMB0.16, representing a 6.7% increase as compared to same period of 2017.

List of Medical Institutions under the Group

During the Reporting Period, the Group newly established 9 medical institutions in Shandong region and 1 medical institution in Hainan, including one Grade II General Hospital (Tai'an High Speed Rail Hospital* (泰安高鐵醫院) (tentatively named)) and 8 primary medical and healthcare institutions in Weifang city, Shandong province, as well as 1 UCC clinic in Shimei Bay, Hainan. As of June 30, 2018, the Group managed and operated a total of 113 medical institutions in 8 provinces and cities in the PRC. The number of beds in operation amounted to 10,062.

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

Province/City	Grade III Hospitals	Grade II Hospitals	Grade I Hospitals	Community and Medical Clinic	Total
Beijing	2	5	12	37	56
Hebei	0	1	0	0	1
Shandong(1), (2)	0	1	0	8	9
Jiangsu	0	1	0	0	1
Anhui	1	6	13	5	25
Hubei	2	0	3	13	18
Guangdong(3)	1	0	0	1	2
Hainan	0	0	0	1	1
Total	6	14	28	65	113

Note:

1) On March 21, 2018, the Group entered into a hospital operation and management agreement with 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* (泰安市高鐵新區建設發展中心) for the purpose of providing operation and management services to Tai'an High Speed Rail Hospital for a cooperation term of 20 years. Tai'an High Speed Rail Hospital is located in High Speed Rail New District of Tai'an and is currently under construction. It will be developed into a Grade II General Hospital featuring neurosurgery and cardiology.

2) On April 10, 2018, the Group entered into a joint development agreement with the municipal authority of Weifang city, Shandong province for the purpose of providing management services to 8 primary medical and healthcare service institutions under hospitals affiliated to the municipal authority of Weifang for a cooperation term of 30 years. Both parties will strive to develop a new medical and healthcare service institution chain in Weifang city, Shandong province and become an exemplary enterprise for hierarchical diagnosis and treatment in the city.

3) On May 26, 2018, the China Resources Phoenix Shimei Bay Outpatient Department* (華潤鳳凰石梅灣門診部) under Hainan China Resources Phoenix Medical Service Co., Ltd.* (海南潤鳳醫療服務有限責任公司) (a wholly-owned subsidiary of the Company) has been granted the "Practice License of Medical Institution" by Health and Family Planning Commission of Wanning City, Hainan Province, and officially commenced to provide medical healthcare services. This outpatient department project is a cooperation project with China Resources Shimen Bay Tourism Development Company* (海南華潤石梅灣旅遊開發公司) of a term of 5 years, with an aim for providing convenient, secure and price competitive medical healthcare service with high quality to residents and tourists of Shimen Bay and becoming an exemplary project for the integration of residential real estate and healthcare industries.

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

Operating data

During the Reporting Period, the number of outpatient visits of our in-network hospitals amounted to 3,842,494 times, representing a year-on-year growth of 4.8%, while the inpatient visits decreased slightly by 1.9% to 120,411 times. The average expense of outpatient and inpatient increased by 1.7% and 7.1%, respectively, year-on-year. During the Reporting Period, the total revenue from medical business of the Group grew by 5.7% to RMB3.17 billion year-on-year, which was mainly attributable to the growth of revenue from medical business of for-profit hospitals and IOT hospitals.

Operating data for 2018H1

			Number of patients		Revenue from medical business (RMB'000)			
Type	**Number of beds in operation**	**Utilization rate of beds**	**Number of outpatients**	**Number of inpatients**	**Revenue from outpatient visits**	**Revenue from inpatient visits**	**Revenue from physical examination**	**Total**
For-profit hospitals	**391**	**85.8%**	**420,577**	**6,628**	**199,939**	**126,955**	**4,417**	**331,311**
Sponsored hospitals	**5,834**	**80.2%**	**1,229,621**	**77,911**	**367,755**	**924,932**	**11,230**	**1,303,917**
IOT hospitals	**3,837**	**82.0%**	**2,192,296**	**35,872**	**884,966**	**636,950**	**16,905**	**1,538,821**
Subtotal	**10,062**	**81.1%**	**3,842,494**	**120,411**	**1,452,660**	**1,688,837**	**32,552**	**3,174,049**

Operating data for 2017H1

			Number of patients		Revenue from medical business (RMB'000)			
Type	Number of beds in operation	Utilization rate of beds	Number of outpatients	Number of inpatients	Revenue from outpatient visits	Revenue from inpatient visits	Revenue from physical examination	Total
For-profit hospitals	393	78.6%	386,762	5,905	186,039	110,901	4,835	301,775
Sponsored hospitals	5,859	87.0%	1,306,693	83,466	373,255	939,111	9,081	1,321,447
IOT hospitals	3,745	85.2%	1,972,424	33,409	803,326	558,545	16,387	1,378,258
Subtotal	9,997	86.0%	3,665,879	122,780	1,362,620	1,608,557	30,303	3,001,480

Notes:

1) For-profit hospitals include: Jian Gong Hospital and 999 Clinic;

2) Sponsored hospitals include: Guangdong 999 Brain Hospital, Huaikuang Hospital Group, Xukuang Hospital and Wugang Hospital Group;

3) IOT hospitals include: Yan Hua Hospital Group, 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 hospitals include: Tai'an High Speed Rail Hospital (tentatively named).

Financial data

In order to illustrate the financial results contribution of various categories of member hospitals under the Group and the overall composition of the Group's results, we have recategorised the items in the condensed consolidated statement of profit or loss for the Reporting Period, and analysis will be conducted in terms of profit contribution of hospitals, profit from other derived businesses, operating costs and expenses, other profit or loss, income tax and non-recurring profit or loss.

1. Profit contribution of hospitals: profit contribution of hospitals was mainly derived from profit balance/hospital management fees from in-network hospitals, third-party supply chain management fees resulting from the provision of supply chain management for hospitals and Group Purchasing Organization ("**GPO**") gross profit resulting from the procurement of pharmaceutical consumables, which represents the sum of general healthcare services segment results, revenue from hospital management services and GPO gross profit;

2. Profit from other derived businesses: profit from other derived businesses was primarily profit before tax derived from the provision of specialized medical technology and other advisory services to business cooperators based on our hospital institution network resources and management resources, which includes our physician company business and other consultation services;

3. Operating costs and expenses: operating costs and expenses are mainly cost as well as management and sales expenses incurred from the operation and management of member units by the headquarters, i.e. the operating cost of the hospital management services segment in the consolidated financial statements and which the management and sales expenses after deducting the management and sales expenses of the general healthcare segment and other derived businesses segment;

4. Other profit or loss: other profit or loss represents the sum of other income, other gains and losses, finance costs, other expenses, share of profit (loss) of associates/joint venture, after deducting non-recurring profit or loss. Generally, the amount includes interests and gains on investment, exchange gains and losses, disposal of properties, finance costs and other expenses, etc.

5. Income tax expenses: income tax expenses represent the sum of the current tax payable and deferred tax. The current tax payable was calculated based on taxable profit for the year; and deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit.

6. Non-recurring profit or loss: non-recurring profit or loss represents various categories of revenue and expenses during the period that were not directly related to business operations and those that were related to business operations, but have affected the accuracy and fairness of the representation of the Company's normal profitability due to their nature, amount or frequency.

Financial data for 2018H1

2018H1 (RMB'000)	Condensed statement of profit or loss	Profit contribution of hospitals			Profit from other derived businesses segment results	Operating costs and expenses	Other profit or loss	Income tax	Core net profit	Non-recurring profit or loss
		General healthcare services segment results	Revenue from hospital management services	GPO gross profit						
Revenue	916,117	331,311	211,830	354,547	18,429	–	–	–	916,117	–
Cost of sales and services	(558,047)	(281,032)	–	(259,861)	(6,891)	(10,263)	–	–	(558,047)	–
Other income	33,167	1,338	–	–	–	–	31,829	–	33,167	–
Other gains and losses	(7,074)	(1,277)	–	–	–	–	(5,797)	–	(7,074)	–
Selling and distribution expenses	(8,965)	–	–	–	(30)	(8,935)	–	–	(8,965)	–
Administrative expenses	(93,471)	(25,948)	–	–	(1,768)	(65,755)	–	–	(93,471)	–
Finance costs	(2,002)	–	–	–	–	–	(2,002)	–	(2,002)	–
Other expenses	(23)	(11)	–	–	–	–	(12)	–	(23)	–
Share of profit of joint ventures	219	–	–	–	–	–	219	–	219	–
Income tax	(73,274)	–	–	–	–	–	–	(73,274)	(73,274)	–
		24,381	211,830	94,686						
Net profit or loss	206,647		330,897		9,740	(84,953)	24,237	(73,274)	206,647	–
% of revenue from the medical business	6.5%		10.4%		0.3%	-2.7%	0.8%	-2.3%	6.5%	–

Financial data for 2017H1

2017H1 (RMB'000)	Condensed statement of profit or loss	Profit contribution of hospitals: General healthcare services segment results	Profit contribution of hospitals: Revenue from hospital management services	Profit contribution of hospitals: GPO gross profit	Profit from other derived businesses segment results	Operating costs and expenses	Other profit or loss	Income tax	Core net profit	Non-recurring profit or loss
Revenue	862,118	316,719	162,278	369,492	13,629	–	–	–	862,118	–
Cost of sales and services	(539,009)	(254,395)	–	(267,695)	(4,494)	(12,425)	–	–	(539,009)	–
Other income	23,310	356	–	–	–	–	22,954	–	23,310	–
Other gains and losses	117,353	(28)	–	–	–	–	1,328	–	1,300	116,053
Selling and distribution expenses	(9,221)	–	–	–	–	(9,221)	–	–	(9,221)	–
Administrative expenses	(78,240)	(23,383)	–	–	(431)	(54,426)	–	–	(78,240)	–
Finance costs	(740)	–	–	–	–	–	(740)	–	(740)	–
Other expenses	(156)	(155)	–	–	–	–	(1)	–	(156)	–
Share of profit of associates	5,499	–	–	–	–	–	–	–	–	5,499
Share of profit of joint ventures	16,655	–	–	–	–	–	391	–	391	16,264
Income tax	(66,546)	–	–	–	–	–	–	(66,546)	(66,546)	–
		39,114	162,278	101,797						
Net profit or loss	331,023		303,189		8,704	(76,072)	23,932	(66,546)	193,207	137,816
% of revenue from the medical business	11.0%		10.1%		0.3%	-2.5%	0.7%	-2.2%	6.4%	4.6%

Profit contribution of hospitals

During the Reporting Period, through further integration of the supply chain business, the overall profit contribution of our hospitals has increased year-on-year. During the first half of 2018, profit contribution of hospitals grew by 9.1% year-on-year to approximately RMB331 million and the consolidated profit contribution rate increased by 0.3 ppt to 10.4%. Among this, for-profit hospitals, sponsored hospitals, IOT hospitals and OT hospital(s) accounted for 17.3%, 29.1%, 53.2% and 0.4% of the profit contribution, respectively. Profit contribution rate of each of the former three types of hospital was 17.3%, 7.4% and 11.4%, respectively; while the profit contribution rate of each of the former three types of hospital was 22.2% (excluding repayments from balance of medical insurance of 16.8%), 7.3% and 10.1%, respectively, during the same period last year. During the Reporting Period, the Group entered into a new operation and management arrangement with an OT hospital (Tai'an High Speed Rail Hospital, which is currently under construction) and the gains from the management fee recognised in accordance with the entrusted operation and management agreement amounted to RMB1.41 million during the period.

Profit contribution of hospitals for 2018H1

2018H1 (RMB'000)	Revenue from medical business	General healthcare services segment results(1)	Hospital management services: Hospital management services fees	Hospital management services: Third-party supply chain service fees	GPO gross profit	Total	Profit contribution rate
For-profit hospitals	**331,311**	**24,381**	**–**	**13,334**	**19,500**	**57,215**	**17.3%(2)**
Sponsored hospitals	**1,303,917**	**–**	**40,738**	**54,086**	**1,556**	**96,380**	**7.4%**
IOT hospitals	**1,538,821**	**–**	**49,317**	**52,950**	**73,630**	**175,897**	**11.4%**
OT hospitals			**1,405**			**1,405**	
Total	**3,174,049**	**24,381**	**91,460**	**120,370**	**94,686**	**330,897**	**10.4%**

Profit contribution of hospitals for 2017H1

2017H1 (RMB'000)	Revenue from medical business	General healthcare services segment results(1)	Hospital management services: Hospital management services fees	Hospital management services: Third-party supply chain service fees	GPO gross profit	Total	Profit contribution rate
For-profit hospitals	301,775	39,114	–	7,475	20,392	66,981	22.2%(2)
Sponsored hospitals	1,321,447	–	82,360	14,007	88	96,455	7.3%
IOT hospitals	1,378,258	–	28,535	29,901	81,317	139,753	10.1%
OT hospitals				–	–	–	
Total	3,001,480	39,114	110,895	51,383	101,797	303,189	10.1%

Notes:

(1) General healthcare services segment results for the first half of 2017 includes repayments from balance of medical insurance of RMB16.36 million, while no such payment has been received yet in the first half of 2018. so such item was not included in the results for the Reporting Period. As at the date of this announcement, repayments from balance of medical insurance of RMB18.81 million has been received by the Group.

(2) The profit contribution rate of for-profit hospitals was 16.8% for the first half of 2017 if the repayments from balance of medical insurance are excluded.

General Healthcare Services

Revenue from our general healthcare services segment of the Group is derived from general healthcare services provided by Jian Gong Hospital and 999 Clinic. General healthcare services revenue mainly consisted of fees generated from the provision of outpatient and inpatient services, including fees for healthcare services, pharmaceuticals, medical devices and medical consumables. During the Reporting Period, the results of the general healthcare services segment was RMB24.38 million, representing a year-on-year decrease of 37.7% (same period of last year: RMB39.11 million), which was mainly attributable to the fact that the segment results as recorded in 2017H1 has included the repayments from balance of medical insurance of RMB16.36 million whilst the amount of repayments from balance of medical insurance for the Reporting Period has not been recognised. In fact, the Group's recognised amount of repayments from balance of medical insurance in July 2018 which is RMB18.81 million.

Hospital management services

During the Reporting Period, the Group managed and operated a total of 110 not-for-profit hospitals (representing the not-for-profit medical institutions with sponsorship and those hospitals operated and managed based on IOT model). In return, the Group was entitled to receive from each hospital or the hospital sponsors management service fees, which are primarily calculated on the basis of percentage of revenue and/or net balance of income and expenditure generated by the hospitals and clinics under our management. In addition, according to the supply chain joint development agreement, which were entered into by the Group and a third party supplier, with our six in-network hospitals as the main service targets, we cooperated with this supplier to develop the regional and integrated pharmaceutical supply chain management system, supply and establish regional pharmaceutical supply chain management platforms, optimize our pharmaceutical inventory and logistics management, develop services such as supply chain financing, and charge hospital supply chain management services fees based on a percentage of relevant pharmaceutical purchases. During the Reporting Period, the Group recorded results of the hospital management services segment of RMB212 million, representing a year-on-year growth of 30.5% (same period of last year: RMB162 million) which was mainly due to the increase of the supply chain service fee income as the results of further integration of supply chain during the period.

GPO Segment

Revenue from our GPO segment is primarily derived from integrating the purchase of both medical and non-medical materials for our in-network hospitals. During the Reporting Period, the gross profit of the Group's GPO segment recorded was RMB94.69 million, representing a year-on-year decrease of 7.0% (same period of last year: RMB102 million). The movement of GPO gross profit depends on the type and quantity of related purchased drugs and other materials. During the Reporting Period, the income and gross profit of drug purchases were reduced due to the influence of two-invoice policy.

Profit from other derived businesses

During the Reporting Period, physician company business and consultation business maintained steady development. Profit before tax from other derived businesses during January to June 2018 amounted to approximately RMB9.74 million, representing a year-on-year growth of 11.9%.

Operating costs and expenses

During the Reporting Period, total operating costs and expenses amounted to approximately RMB84.95 million (same period of 2017: RMB76.07 million), accounting for 2.7% of the Group's revenue from medical business and representing an increase of 0.2 percentage points as compared to the same period last year. The increase was mainly attributable to the increase in staff costs.

Other profit or loss

During the Reporting Period, other profit or loss totaled RMB24.24 million (same period of 2017: RMB23.93 million), which was mainly attributable to the changes in the revenue from bank wealth management product, interest income and exchange gains and losses.

Income tax expenses

During the Reporting Period, income tax expenses amounted to RMB73.27 million (same period of 2017: RMB66.55 million). The effective income tax rate of the Group's recurring business was 26.2% (same period of 2017: 25.6%).

Non-recurring profit or loss

During the Reporting Period, the Group has no material non-recurring profit or loss item. During the first half of 2017, non-recurring profit or loss items totaled RMB138 million, including the gains on reclassification of investment in UMP Healthcare Holdings of RMB115 million, the gains on investment in UMP Beijing of RMB15.77 million and the gains on investment in UMP Healthcare Holdings of RMB5.99 million, the gains on partial disposal of equity interests in UMP Healthcare Holdings of RMB1 million and the loss on deemed disposal of a joint venture of RMB0.31 million.

Recurring net profit

During the first half of 2018, the recurring net profit amounted to RMB207 million, representing an increase of 7.0% as compared to the recurring net profit of RMB193 million of the same period last year (net profit for the first half of 2017 was RMB331 million, which was the profit after deducting the non-recurring profit or loss of RMB138 million).

SUBSEQUENT EVENT

On July 20, 2018, China Resources Hospital Investment (China) Co., Ltd, ("CR Hospital Investment"), a wholly-owned subsidiary of the Group, Beijing Jing Mei Group Co., Ltd. ("Jing Mei Group") and CNIC (Zhejiang) Fund Partnership (Limited Partner) ("CNIC") entered into the cooperation framework agreement. This has reflected that the cooperation between the Group and Jing Mei Group will be furthered when compared with the existing IOT model, and the reform shall be extended to asset level.

The proposed new model of cooperation: Jing Mei Group shall first set up a new sponsor entity, and the sponsorship of the subject hospital group will then be transferred to such sponsor entity. Following completion of the capital increase of CR Hospital Investment and CNIC, the sponsor entity should be 40%, 35% and 25% owned by Jing Mei Group, CR Hospital Investment and CNIC, respectively.

The Group will continue to give full play to its advantages and participate in the reorganization of Beijing Jing Mei Hospital Group and its affiliated institutions, as well as to establish Kengmuchang Branch of the subject hospital group with the contract parties. The Group will also provide the subject hospital group with additional fund, resources in medical and management aspects to ensure the sustainable development of the subject hospital group and achieve the preservation and appreciation of state-owned assets. Please refer to the announcement of the Company dated July 20, 2018 for further details.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS, INVESTMENTS IN AND RECEIVABLES FROM JV COMPANY AND SUBSEQUENT PLANS FOR MATERIAL CAPITAL INVESTMENTS

Investment in UMP Healthcare Holdings

UMP Healthcare Holdings, listed on the Main Board of The Stock Exchange, 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 other comprehensive income. As at June 30, 2018, the fair value of the investment is approximately RMB135 million.

Investment in UMP Beijing

UMP Beijing is mainly engaged in providing healthcare solutions and service in Mainland China. Details of investment in UMP Beijing have been disclosed in the Company's annual reports in prior years. As the Group's shareholding in UMP Beijing was 30% and only had one director nomination right, the Group's recognises it as the interest in an associate. As at June 30, 2018, the book value of the investment is approximately RMB22.58 million.

Future Plans for Material Investment or Capital Assets

Save for the entering into of the cooperation framework agreement in respect of the Beijing Jing Mei Hospital Group and its affiliated institutions (details of which has been set out in the section headed "**Subsequent Event**" to this announcement), 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 in the Group's ordinary course of business.

Future Outlook

Looking forward, we will proactively respond to the"Healthy China" strategy by fully integrating with the topnotch internal resources of CR Holdings in a bid to actively practice the three core strategies of the Group. Firstly, the "leading in scale": the Group will capture the reform opportunities and expedite external expansion to scale up our operations, while actively investing in for-profit medical institutions. Secondly, the "core competence strategy": the Group will continue to enhance medical technology level and the efficiency of hospital operation and management, and focus on developing our flagship hospitals and disciplines. Thirdly, the "industry innovation strategy": we will actively expand the derived businesses such as physicians' association, community Urgent Care Clinics, integrated medical and wellness services and management solution services to develop a great healthcare industry with concerted efforts, thereby providing the public with high-quality, safe and accessible healthcare services at reasonable prices.

FINANCIAL REVIEW

Liquidity and Financing

As at June 30, 2018, the Group's consolidated cash and bank balance, certificate of deposit and bank wealth management product amounted to approximately RMB1.7 billion in total (December 31, 2017: RMB1.6 billion).

On March 27, 2017, the Group obtained banking facilities (revolving term loans) with a credit line of HK$800 million (or its U.S. dollar or RMB equivalents) from a bank in Hong Kong. As at June 21, 2018, the Group obtained banking facilities (fixed term loans) with another credit line of HK$1.2 billion (or its U.S. dollar or RMB equivalents) from the same bank in Hong Kong. As at June 30, 2018, the Group had interest-bearing bank borrowings of HK$255 million (equivalent to approximately RMB215 million) (December 31, 2017: HK$205 million (equivalent to approximately RMB171 million)), and unutilised bank facilities with a credit line of HK$1.745 billion (equivalent to approximately RMB1.471 billion). As at June 30, 2018, the Group's amounts payable to the sponsored hospitals of the Group amounted to RMB254 million (December 31, 2017: RMB268 million).

Contingent Liabilities

As at June 30, 2018, 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 (December 31, 2017: nil).

Exposure to Fluctuation in Exchange Rates

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 arises.

Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to receivables from IOT hospitals and loan to a sponsored hospital and cash flow interest risk in relation to variable-rate bank balances, which carry prevailing market interest rates, financial assets at fair value through profit or loss and borrowings.

The Group currently does not have specific policies in place to manage our interest rate risk and have not entered into interest rate swap to hedge the exposure, but will closely monitor the interest rate risk in the future.

Pledge of Assets

As at June 30, 2018, the Group did not have any significant pledge of assets (December 31, 2017: nil).

Contractual Obligations

As at June 30, 2018, 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, equity instruments at fair value through other comprehensive income, financial assets at fair value through profit or loss, certificates of deposit, cash and cash equivalents, 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.

Gearing Ratio

As at June 30, 2018, on the basis of total interest-bearing liability (excluding payables to hospitals sponsored by the Group) divided by total assets, the Group's gearing ratio was 3.1% (December 31, 2017: 2.5%).

EMPLOYEES AND REMUNERATION POLICY

As of June 30, 2018, the Group had a total of 1,068 full-time employees (December 31, 2017: 1,036 employees). For the first half of 2018, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately RMB152 million (the first half of 2017: RMB126 million).

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.

SHARE OPTION SCHEME

The Group has also adopted a share option scheme (pursuant to a resolution passed by the Shareholders on September 30, 2013) 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. During the Reporting Period, no share option was granted, exercised, cancelled or lapsed and there was no outstanding share option under the Share Option Scheme.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2018 (six months ended June 30, 2017: nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance and transparency. Under the first part of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "**CG Code**") Provision E.1.2, the former chairman of the Board (who has resigned as a non-executive director and chairman of the Company on August 7, 2018) should attend annual general meetings. Due to other business commitments, Mr. Wang Yin, the chairman of the Board did not attend the annual general meeting of the Company held on May 31, 2018. Save for the above arrangement, the Company confirms that it has complied with all material code provisions of CG Code 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 for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules 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 officers 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.

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, 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities other than the purchase of the shares by the trustee under the Share Award Scheme. Pursuant to the Share Award Scheme, the Company purchased, through the trustee of the Share Award Scheme, a total of 5 million shares of the Company at a cash consideration of approximately HK$48.16 million from the Stock Exchange during the six months ended June 30, 2018.

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 and of the Company at www.crphoenix.hk respectively. The interim report of the Company for the six months ended June 30, 2018 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

"Ample Mighty"	Ample Mighty Limited, a company incorporated under the laws of BVI and a wholly-owned subsidiary of the Company
"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
"BVI"	the British Virgin Islands
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"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
"Company", "our Company", "CR Phoenix" or "we"	China Resources Phoenix Healthcare Holdings Company Limited (華潤鳳凰醫療控股有限公司), a company with limited liability incorporated in the Cayman Islands on February 28, 2013
"CR Healthcare Group"	China Resources Healthcare Group Limited (華潤健康集團有限公司), a company incorporated under the laws of Hong Kong
"Director(s)"	the directors of our Company or any one of them
"Group"	our Company and its subsidiaries
"HK$" or "HKD" and "cent(s)"	Hong Kong dollar and cent(s) respectively, the lawful currency of Hong Kong
"HKEx"	Hong Kong Exchanges and Clearing Limited
"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"	Huaibei Miner General Hospital Group (淮北礦工總醫院集團)

"IFRSs"	International Financial Reporting Standards
"IOT"	the "invest-operate-transfer" model
"IOT hospitals and clinics"	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 of 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), a not-for-profit hospital established under the laws of the PRC in 1956 and wholly owned by Beijing Coal, which we began managing in May 2011 pursuant to the Jing Mei IOT Agreement
"Jing Mei Hospital Group"	collectively, Jing Mei Hospital and Grade I hospitals and community clinics affiliated with Jing Mei Hospital
"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
"OT"	the "operate-transfer" model
"OT Hospital(s)"	third-party hospital(s) which we manage and operate under OT model
"Pinyu"	Pinyu Limited, a limited liability company incorporated in the BVI on January 3, 2013, a wholly-owned subsidiary of our Company
"Reporting Period"	the period from January 1, 2018 to June 30, 2018
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council
"Selected Participant(s)"	Eligible Persons selected by the Board in accordance with the terms of the Share Award Scheme
"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
"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
"Tai'an High Speed Rail Hospital"	Tai'an High Speed Rail Hospital (tentative name) is located in High Speed Rail New District of Tai'an and is currently under construction. It is aimed that this hospital will be developed into a grade II general hospital featuring neurosurgery and cardiology
"True Point"	True Point Holdings Limited, a limited liability company incorporated in the BVI
"UMP Beijing"	UMP Beijing Healthcare (Beijing) Group limited (聯合醫務(北京)集團有限公司), a company incorporated in BVI
"UMP China"	UMP Healthcare China Limited, a limited liability company incorporated in the Cayman Islands, and a direct wholly-owned subsidiary of UMP Healthcare Holdings

"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)
"U.S. dollar" or "US$"	United States dollar, the lawful currency of the United States
"Wugang General Hospital"	China Resources Wugang General Hospital (華潤武鋼總醫院)
"Wugang Hospital Group"	the hospital group comprising Wugang General Hospital, Wugang No. 2 Hospital and their subsidiary institutions
"Yan Hua Hospital"	Yan Hua Hospital (北京燕化醫院), a not-for-profit hospital established under the laws of the PRC in 1973 and wholly owned by Yan Hua Phoenix, which we started managing and operating in February 2008 pursuant to the Yan Hua IOT Agreement and a connected person of our Company
"Yan Hua Hospital Group"	collectively, Yan Hua Hospital and community clinics affiliated with Yan Hua Hospital
"Yan Hua IOT Agreement"	collectively, the IOT agreement we entered into with Yan Hua Hospital Group and Yan Hua Phoenix on February 1, 2008, as amended

In this announcement, the terms "associate", "connected person", "connected transaction", "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 Phoenix Healthcare Holdings Company Limited
CHENG Libing
Executive Director and Chief Executive Officer

Beijing, August 23, 2018

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, Mr. HAN Yuewei, Ms. REN Yuan and Ms. FU Yanjun as executive Directors.