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China Resources Medical Holdings Company Limited

華潤醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1515)

SUPPLEMENTAL ANNOUNCEMENT

FURTHER INFORMATION IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

Reference is made to the annual report of China Resources Medical Holdings Company Limited (the “**Company**”) for the fiscal year ended December 31, 2022 published on April 24, 2023 (the “**2022 Annual Report**”). Unless otherwise specified, capitalized terms used herein shall have the same meanings ascribed to them in the 2022 Annual Report.

The Board wishes to provide further information regarding the 2022 Annual Report as follows:

Reasons for the adoption of certain valuation methods

According to the 2022 Annual Report, the Company has adopted (i) the discounted cash flow models and (ii) the expected credit loss models in assessing the impairment of goodwill and receivables of the Huaiyin Hospital, respectively.

Provision for goodwill impairment — Discounted cash flow models

The Company’s management reviews the provision for goodwill impairment on an ongoing basis, generally annually and more frequently if there are any events or changes in circumstances that would give rise to potential impairment. The Company uses the income approach (i.e. discounted cash flow models) as the evaluation method for such provision. The reason for adopting this method is that according to IAS 36 — Impairment of Assets, goodwill impairment assessment usually uses the income approach to determine the use value of a cash generating unit. Cash generating units that have a sufficiently long financial history would have a basis for predicting future results, and in such case, the recoverable amount of goodwill of the cash generating units would be

based on the valuation in use. As Huaiyin Hospital is a cash generating unit having a long financial history which could provide the basis for predicting its future results, it satisfied the criteria for the application of the discounted cash flow models and hence its profitability forecast could be conducted based on historical data. The adoption and application of the income approach for the assessment of goodwill impairment of Huaiyin Hospital was also agreed by the independent valuer. Therefore, the income approach was adopted for such impairment assessment which took the present value of Huaiyin Hospital's future cash flows as the basis of valuation.

Provision for receivables — Expected credit loss models

As receivables fall within the definition of financial instruments as defined in IFRS 9 — Financial Instruments, the accepted method of valuing receivables pursuant to IFRS 9 is the expected credit loss models. Therefore, the impairment assessment of the receivables of Huaiyin Hospital was prepared on an expected credit loss basis in accordance with the requirements of IFRS 9. The relevant disclosure and presentation, recognition and measurement have also complied with the requirements of IFRS 9. As disclosed in Note 2.4 “Summary of Significant Accounting Policies — Impairment of financial assets” to the consolidated financial statements on pages 156 to 158 of the 2022 Annual Report, for trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

By order of the Board
China Resources Medical Holdings Company Limited
SONG Qing
Chairman

Hong Kong, August 22, 2023

As at the date of this announcement, the Board comprises Mr. SONG Qing, Mr. YU Hai, Mr. SHAN Baojie and Ms. YANG Min as executive Directors; Mr. HU Hui as non-executive Director; Mr. WU Ting Yuk, Anthony, Mr. KWONG Kwok Kong and Mr. FU Tingmei as independent non-executive Directors.