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China Resources Medical Holdings Company Limited

華潤醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1515)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

The board of directors (the “**Board**”) of China Resources Medical Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2023 (the “**Reporting Period**”) as follows:

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

For the six months ended 30 June 2023

		For the six months ended 30 June	
		2023	2022
		(Unaudited)	(Restated)
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
REVENUE	4	5,114,026	3,205,932
Cost of sales		<u>(4,024,751)</u>	<u>(2,600,472)</u>
Gross profit		1,089,275	605,460
Other income	5	92,233	99,567
Other gains and losses, net	6	(71,765)	(77,077)
Selling and distribution expenses		(5,278)	(8,779)
Administrative expenses		(448,025)	(312,433)
Impairment losses on financial assets, net		(4,282)	(3,238)
Other expenses		(7,411)	(5,369)
Finance costs		(61,150)	(15,379)
Share of profits and losses of:			
A joint venture		—	(4,217)
Associates		41,529	35,426
		<u>41,529</u>	<u>35,426</u>

		For the six months ended 30 June	
		2023	2022
	<i>Notes</i>	(Unaudited) RMB'000	(Restated) (Unaudited) RMB'000
PROFIT BEFORE TAX	7	625,126	313,961
Income tax expense	8	<u>(138,258)</u>	<u>(43,365)</u>
PROFIT FOR THE PERIOD		<u>486,868</u>	<u>270,596</u>
Attributable to:			
Owners of the parent		397,677	244,669
Non-controlling interests		<u>89,191</u>	<u>25,927</u>
		<u>486,868</u>	<u>270,596</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic (<i>RMB yuan</i>)		<u>0.31</u>	<u>0.19</u>
Diluted (<i>RMB yuan</i>)		<u>0.31</u>	<u>0.19</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

		30 June 2023	31 December 2022
		(Unaudited)	(Restated)
	<i>Notes</i>	RMB'000	(Unaudited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		4,996,057	4,987,692
Right-of-use assets		429,138	429,984
Goodwill		3,740,200	3,740,200
Other intangible assets		65,310	68,657
Investments in associates		1,021,982	980,453
Receivables from invest-operate-transfer (“IOT”) hospitals		56,155	54,965
Financial assets at fair value through profit or loss (“FVTPL”)		65,173	65,604
Other financial assets at amortised cost		362,090	526,586
Deferred tax assets		31,549	26,303
Due from related parties		7,847	5,283
Other non-current assets		126,713	165,560
		<u>10,902,214</u>	<u>11,051,287</u>
CURRENT ASSETS			
Inventories		356,348	367,475
Trade and bills receivables	11	1,672,415	1,490,670
Contract assets		23,522	21,872
Prepayments, deposits and other receivables		380,854	380,631
Due from related parties		764,157	1,062,448
Other financial assets at amortised cost		385,970	324,301
Restricted and pledged bank deposits		15,563	18,879
Cash and cash equivalents		4,003,347	3,100,011
		<u>7,602,176</u>	<u>6,766,287</u>
CURRENT LIABILITIES			
Trade and bills payables	12	1,751,101	1,734,297
Other payables and accruals		1,725,568	1,698,992
Due to related parties		4,432,785	303,978
Interest-bearing bank borrowings and other borrowings		1,385,490	1,310,636
Lease liabilities		40,285	38,518
Deferred income		1,149	2,488
Tax payable		227,937	35,401
		<u>9,564,315</u>	<u>5,124,310</u>

	30 June 2023	31 December 2022
	(Unaudited)	(Restated)
	RMB'000	RMB'000
NET CURRENT (LIABILITIES)/ASSETS	<u>(1,962,139)</u>	<u>1,641,977</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>8,940,075</u>	<u>12,693,264</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	1,048,547	1,017,263
Lease liabilities	50,800	35,306
Retirement benefit obligations	372,458	374,858
Deferred income	48,767	41,449
Deferred tax liabilities	70,922	71,316
Provision	20,094	23,884
Due to related parties	122,196	449,017
Other liabilities	<u>27,241</u>	<u>26,271</u>
Total non-current liabilities	<u>1,761,025</u>	<u>2,039,364</u>
Net assets	<u><u>7,179,050</u></u>	<u><u>10,653,900</u></u>
EQUITY		
Share capital	267	267
Reserves	<u>5,959,078</u>	<u>9,509,193</u>
Equity attributable to owners of the parent	5,959,345	9,509,460
Non-controlling interests	<u>1,219,705</u>	<u>1,144,440</u>
Total equity	<u><u>7,179,050</u></u>	<u><u>10,653,900</u></u>

NOTES

1. CORPORATE INFORMATION

China Resources Medical Holdings Company Limited is a limited liability company incorporated in the Cayman Islands.

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (“**IASB**”).

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022. The predecessor auditor of the Company, Ernst & Young, has expressed an unqualified opinion on these financial statements in their report dated 28 March 2023.

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for financial assets at FVTPL which have been measured at fair value. The financial information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand, except when otherwise indicated.

As disclosed in Note 13, the comparative information has been restated to account for business combination under common control completed during the six months ended 30 June 2023.

As at 30 June 2023, the Group’s current liabilities exceeded its current assets by RMB1.96 billion, which included consideration payables due to related parties of RMB3.90 billion in relation to the equity acquisition as disclosed in Note 13 and payables due to related parties of RMB0.32 billion in relation to assigning the debts owed by China Resources Healthcare (Jiangxi) Co., Limited to China Resources Healthcare Technology Development (China) Co., Ltd. The considerations for the equity acquisitions and payables arising from debt assignment will be funded by the internal resources and bank loans of the Group. As at 30 June 2023, the Group has unutilised bank facilities of approximately HKD2.93 billion and RMB2.38 billion (equivalent to approximately RMB5.08 billion in total). The directors of the Company have reviewed the Group’s cash flow forecast for the next twelve months and are of the opinion that the Group will have sufficient facilities to repay the liabilities. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following new and amended International Financial Reporting Standards (“IFRSs”) issued by the IASB to this interim financial report for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: international tax reform — Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

None of these new and amended IFRSs have had a material effect on how the Group’s results and financial position for the current period have been prepared or presented.

In addition, the accounting policies that are first adopted by the Group in 2023 are set out below:

Business combinations under common control

An acquisition of a business which is a business combination under common control is accounted for using the pooling of interests method whereby the assets and liabilities acquired are accounted for at carryover predecessor values from the date when the Group and the acquired business are first under common control. The difference between the consideration paid by the Group and the net assets or liabilities of the business acquired is adjusted against equity. The results and cash flows of the acquired business under common control are consolidated from the date when the Group and the acquired business first came under common control.

3. OPERATING SEGMENT INFORMATION

Management monitors the results of the Group’s operating segments separately for the purpose of facilitating decision-making process of resource allocation and performance assessment. During the reporting period, the Group has changed the structure of its business units based on their services that causes the composition of its reportable segments to change to the following:

- (a) Self-owned hospitals — this segment engages in the provision of out-patient and in-patient services by the consolidated hospitals;
- (b) Other hospitals — this segment engages in the provision of services to other hospitals such as IOT hospitals, OT hospitals, etc.; and
- (c) Others — this segment engages in the provision of services to other kinds of clients.

Certain comparative figures in the segment information have been adjusted to conform to the current period’s presentation.

Segment performance is evaluated based on reportable segment results, which are measurements of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that fair value gains/losses on financial assets at FVTPL, dividend income on a financial asset at FVTPL, investment income on financial assets at FVTPL, investment income on other financial assets at amortised cost, unallocated interest and investment income, unallocated impairment losses on financial assets, net, equity-settled share-based payment expense, unallocated finance costs, foreign exchange differences, net, unallocated share of profits and losses of a joint venture and associates as well as other unallocated income, other unallocated administrative expenses, other unallocated expenses and losses are excluded from such measurement.

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

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

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

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

Segment revenue and results

	Self-owned hospitals (Unaudited) RMB'000	Other hospitals (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
Six months ended 30 June 2023				
External revenue				
General healthcare services	4,744,524	—	—	4,744,524
Hospital management services	—	3,202	—	3,202
Third-party supply chain service fees	—	28,978	—	28,978
GPO business	—	334,692	—	334,692
Other hospital-derived services	—	—	2,630	2,630
Inter-segment revenue				
General healthcare services	718	—	—	718
Third-party supply chain services fees	171,115	—	—	171,115
Hospital management services	209,737	—	—	209,737
GPO business	217,412	—	—	217,412
Other hospital-derived services	1,363	—	—	1,363
Segment revenue	<u>5,344,869</u>	<u>366,872</u>	<u>2,630</u>	<u>5,714,371</u>
Eliminations	<u>(600,345)</u>	<u>—</u>	<u>—</u>	<u>(600,345)</u>
Consolidated revenue	<u>4,744,524</u>	<u>366,872</u>	<u>2,630</u>	<u>5,114,026</u>
Segment cost	(3,766,242)	(255,895)	(2,614)	(4,024,751)
Other income	29,751	3,577	327	33,655
Other gains	4	—	—	4
Selling and distribution expenses	(1,955)	(3,323)	—	(5,278)
Administrative expenses	(396,023)	(13,769)	(1,246)	(411,038)
Finance costs	(9,542)	—	—	(9,542)
Impairment losses on financial assets, net	(4,121)	—	—	(4,121)
Other expenses	(7,270)	—	—	(7,270)
Share of profits of associates	—	41,529	—	41,529
Segment results	<u>589,126</u>	<u>138,991</u>	<u>(903)</u>	<u>727,214</u>
Fair value losses on financial assets at FVTPL				(431)
Dividend income on a financial asset at FVTPL				3,871
Loss on disposal of a subsidiary				(6,373)
Investment income on financial assets at FVTPL				8,523
Investment income on other financial assets at amortised cost				11,685
Unallocated interest and investment income				27,870
Unallocated impairment losses on financial assets				(161)
Unallocated finance costs				(51,608)
Foreign exchange differences, net				(64,965)
Other unallocated income				6,629
Other unallocated administrative expenses				(36,987)
Other unallocated expenses				(141)
Profit before tax				<u><u>625,126</u></u>

	Self-owned hospitals (Restated) (Unaudited) RMB'000	Other hospitals (Restated) (Unaudited) RMB'000	Others (Restated) (Unaudited) RMB'000	Total (Restated) (Unaudited) RMB'000
Six months ended 30 June 2022				
External revenue				
General healthcare services	2,678,020	—	—	2,678,020
Hospital management services	—	13,712	—	13,712
Third-party supply chain service fees	64,672	37,803	—	102,475
GPO business	—	404,086	—	404,086
Other hospital-derived services	—	—	7,639	7,639
Inter-segment revenue				
General healthcare services	20	—	—	20
Third-party supply chain services fees	17,494	—	—	17,494
Hospital management services	62,142	—	—	62,142
GPO business	163,360	—	—	163,360
Other hospital-derived services	4,083	—	687	4,770
Segment revenue	<u>2,989,791</u>	<u>455,601</u>	<u>8,326</u>	<u>3,453,718</u>
Eliminations	<u>(247,099)</u>	<u>—</u>	<u>(687)</u>	<u>(247,786)</u>
Consolidated revenue	<u>2,742,692</u>	<u>455,601</u>	<u>7,639</u>	<u>3,205,932</u>
Segment cost	(2,260,111)	(329,105)	(11,256)	(2,600,472)
Other income	30,360	3,778	3,880	38,018
Other gains	343	—	—	343
Selling and distribution expenses	(3,216)	(5,308)	(160)	(8,684)
Administrative expenses	(234,758)	(33,972)	(5,766)	(274,496)
Finance costs	(2,838)	—	(8)	(2,846)
Impairment losses on financial assets, net	(5,023)	—	(384)	(5,407)
Other expenses	(5,302)	—	(26)	(5,328)
Share of profits of associates	—	35,426	—	35,426
Share of loss of a joint venture	—	(4,217)	—	(4,217)
Segment results	<u>262,147</u>	<u>122,203</u>	<u>(6,081)</u>	<u>378,269</u>
Fair value losses on financial assets at FVTPL				(419)
Dividend income on a financial asset at FVTPL				3,249
Gain on disposal of a subsidiary				89
Investment income on financial assets at FVTPL				8,537
Investment income on other financial assets at amortised cost				21,803
Unallocated interest and investment income				11,351
Unallocated impairment losses on financial assets, net				2,169
Equity-settled share-based payment expense				(2,229)
Unallocated finance costs				(12,533)
Foreign exchange differences, net				(77,053)
Other unallocated income				16,609
Other unallocated losses				(37)
Other unallocated administrative expenses				(35,803)
Other unallocated expenses				(41)
Profit before tax				<u>313,961</u>

Segment assets and liabilities

	Self-owned hospitals (Unaudited) RMB'000	Other hospitals (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
As at 30 June 2023				
Segment assets	<u>6,109,387</u>	<u>1,463,214</u>	<u>76,482</u>	<u>7,649,083</u>
Goodwill				3,740,200
Financial assets at FVTPL				65,173
Other financial assets at amortised cost				748,060
Cash and cash equivalents and pledged deposits				4,003,347
Restricted and pledged bank deposits				15,563
Corporate and other unallocated assets				5,606,915
Elimination of inter-segment receivables				<u>(3,323,951)</u>
Total assets				<u><u>18,504,390</u></u>
Segment liabilities	<u>4,589,088</u>	<u>26,671</u>	<u>46,782</u>	<u>4,662,541</u>
Interest-bearing bank borrowings				2,434,037
Corporate and other unallocated liabilities				7,554,299
Elimination of inter-segment payables				<u>(3,325,537)</u>
Total liabilities				<u><u>11,325,340</u></u>

	Self-owned hospitals (Restated) (Unaudited) <i>RMB'000</i>	Other hospitals (Restated) (Unaudited) <i>RMB'000</i>	Others (Restated) (Unaudited) <i>RMB'000</i>	Total (Restated) (Unaudited) <i>RMB'000</i>
As at 31 December 2022				
Segment assets	<u>8,540,411</u>	<u>1,256,640</u>	<u>72,293</u>	<u>9,869,344</u>
Goodwill				3,740,200
Financial assets at FVTPL				65,604
Other financial assets at amortised cost				850,887
Restricted and pledged bank deposits				18,879
Cash and cash equivalents				3,100,011
Corporate and other unallocated assets				3,185,560
Elimination of inter-segment receivables				<u>(3,012,911)</u>
Total assets				<u><u>17,817,574</u></u>
Segment liabilities	<u>4,795,974</u>	<u>35,210</u>	<u>46,744</u>	<u>4,877,928</u>
Interest-bearing bank borrowings				2,327,899
Corporate and other unallocated liabilities				2,970,757
Elimination of inter-segment payables				<u>(3,012,910)</u>
Total liabilities				<u><u>7,163,674</u></u>

4. REVENUE

Disaggregated revenue information

For the six months ended 30 June 2023

	General healthcare services (Unaudited) RMB'000	Hospital management services (Unaudited) RMB'000	GPO business (Unaudited) RMB'000	Other hospital- derived services (Unaudited) RMB'000	Elimination (Unaudited) RMB'000	Total (Unaudited) RMB'000
Types of goods or services						
General healthcare services						
In-patient	2,880,905	—	—	—	—	2,880,905
Out-patient	1,864,337	—	—	—	(718)	1,863,619
	<u>4,745,242</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(718)</u>	<u>4,744,524</u>
Hospital management services						
From self-owned hospitals	—	209,737	—	—	(209,737)	—
From other hospitals	—	3,202	—	—	—	3,202
From third party suppliers (<i>Note</i>)	—	200,093	—	—	(171,115)	28,978
	<u>—</u>	<u>413,032</u>	<u>—</u>	<u>—</u>	<u>(380,852)</u>	<u>32,180</u>
GPO business						
From self-owned hospitals	—	—	217,412	—	(217,412)	—
From other hospitals	—	—	334,692	—	—	334,692
	<u>—</u>	<u>—</u>	<u>552,104</u>	<u>—</u>	<u>(217,412)</u>	<u>334,692</u>
Other hospital-derived services						
	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,993</u>	<u>(1,363)</u>	<u>2,630</u>
Total	<u>4,745,242</u>	<u>413,032</u>	<u>552,104</u>	<u>3,993</u>	<u>(600,345)</u>	<u>5,114,026</u>
Timing of revenue recognition						
A point in time	1,864,337	—	552,104	3,993	(219,493)	2,200,941
Over time	2,880,905	413,032	—	—	(380,852)	2,913,085
Total	<u>4,745,242</u>	<u>413,032</u>	<u>552,104</u>	<u>3,993</u>	<u>(600,345)</u>	<u>5,114,026</u>

For the six months ended 30 June 2022

	General healthcare services (Restated) (Unaudited) RMB'000	Hospital management services (Restated) (Unaudited) RMB'000	GPO business (Restated) (Unaudited) RMB'000	Other hospital- derived services (Restated) (Unaudited) RMB'000	Elimination (Restated) (Unaudited) RMB'000	Total (Restated) (Unaudited) RMB'000
Types of goods or services						
General healthcare services						
In-patient	1,538,906	—	—	—	—	1,538,906
Out-patient	1,139,134	—	—	—	(20)	1,139,114
	<u>2,678,040</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(20)</u>	<u>2,678,020</u>
Hospital management services						
From self-owned hospitals	—	62,142	—	—	(62,142)	—
From other hospitals	—	13,712	—	—	—	13,712
From third party suppliers (<i>Note</i>)	—	119,969	—	—	(17,494)	102,475
	<u>—</u>	<u>195,823</u>	<u>—</u>	<u>—</u>	<u>(79,636)</u>	<u>116,187</u>
GPO business						
From self-owned hospitals	—	—	163,360	—	(163,360)	—
From other hospitals	—	—	404,086	—	—	404,086
	<u>—</u>	<u>—</u>	<u>567,446</u>	<u>—</u>	<u>(163,360)</u>	<u>404,086</u>
Other hospital-derived services						
	—	—	—	12,409	(4,770)	7,639
	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,409</u>	<u>(4,770)</u>	<u>7,639</u>
Total	<u>2,678,040</u>	<u>195,823</u>	<u>567,446</u>	<u>12,409</u>	<u>(247,786)</u>	<u>3,205,932</u>
Timing of revenue recognition						
A point in time	1,139,134	—	567,446	12,409	(168,150)	1,550,839
Over time	1,538,906	195,823	—	—	(79,636)	1,655,093
	<u>1,139,134</u>	<u>195,823</u>	<u>567,446</u>	<u>12,409</u>	<u>(168,150)</u>	<u>1,550,839</u>
	<u>1,538,906</u>	<u>195,823</u>	<u>—</u>	<u>—</u>	<u>(79,636)</u>	<u>1,655,093</u>
Total	<u>2,678,040</u>	<u>195,823</u>	<u>567,446</u>	<u>12,409</u>	<u>(247,786)</u>	<u>3,205,932</u>

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

Note:

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

5. OTHER INCOME

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Restated)
	RMB'000	(Unaudited)
		RMB'000
Interest and investment income on:		
Financial assets at FVTPL	9,891	8,537
Other financial assets at amortised cost	14,145	21,803
Receivables from IOT hospitals	3,577	3,778
Bank deposits	29,629	12,288
Dividend income on a financial asset at FVTPL	3,871	3,249
Government grants	6,888	7,957
Compensation received	—	14,725
Others	24,232	27,230
	<u>92,233</u>	<u>99,567</u>

6. OTHER GAINS AND LOSSES, NET

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Restated)
	RMB'000	(Unaudited)
		RMB'000
Fair value losses on financial assets at FVTPL	(431)	(281)
Foreign exchange differences, net	(64,965)	(77,053)
Gains on disposal of items of property, plant and equipment, net	4	168
(Loss)/gain on disposal of subsidiaries	(6,373)	89
	<u>(71,765)</u>	<u>(77,077)</u>

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022 (Restated)
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of inventories sold	2,175,368	1,665,258
Depreciation of property, plant and equipment	257,257	161,152
Depreciation of investment properties	—	312
Depreciation of right-of-use assets	28,840	23,251
Amortisation of intangible assets (included in cost of sales)	3,347	3,347
Total depreciation and amortisation	289,444	188,062
Impairment of trade receivables, net	4,318	3,532
Loss on disposal of items of property, plant and equipment, net	1,305	2,923

8. INCOME TAX

The PRC enterprise income tax has been provided at the rate of 25% (six months ended 30 June 2022: 25%) on the estimated assessable income arising in the PRC during the period. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2022: Nil).

	For the six months ended 30 June	
	2023	2022 (Restated)
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current — Mainland China	143,898	68,646
Deferred	(5,640)	(25,281)
Total tax charge for the period	138,258	43,365

9. DIVIDEND

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Dividend recognised as distribution during the period:		
Final 2022 — HK3.70 cents (2021: HK12.00 cents) per ordinary share	43,436	133,042
Less: Dividend for shares held under the Share Award Scheme	<u>(1,083)</u>	<u>(3,440)</u>
	<u>42,353</u>	<u>129,602</u>

The directors resolved not to declare any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

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

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Restated)
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings		
Profit for the period attributable to ordinary equity holders of the parent for the purpose of the basic and diluted earnings per share calculation	<u>397,677</u>	<u>244,669</u>

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period for the purpose of the basic earnings per share calculation	1,264,292	1,257,753
Effect of dilution — weighted average number of ordinary shares:		
Shares awarded under the Share Award Scheme	—	900
Weighted average number of ordinary shares in issue during the period for the purpose of the diluted earnings per share calculation	<u>1,264,292</u>	<u>1,258,653</u>

The weighted average number of shares used for the purpose of calculating the basic and diluted earnings per share for six months ended 30 June 2023 and 2022, respectively, has been arrived at after adjusting the effect of shares repurchased and held under the Share Award Scheme.

11. TRADE AND BILLS RECEIVABLES

	30 June 2023	31 December 2022
	(Unaudited)	(Restated)
	RMB'000	(Unaudited)
		RMB'000
Trade and bills receivables		
Public health insurance programs and social organisation for medical services	1,851,469	1,675,136
Other customers	251,464	245,320
Bills receivables	<u>8,360</u>	<u>6,698</u>
Impairment	<u>2,111,293</u>	1,927,154
	<u>(438,878)</u>	<u>(436,484)</u>
	<u>1,672,415</u>	<u>1,490,670</u>

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

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

	30 June 2023	31 December 2022 (Restated)
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Within 1 year	1,583,962	1,429,109
1 to 2 years	75,678	53,877
2 to 3 years	12,775	7,684
	<u>1,672,415</u>	<u>1,490,670</u>

12. TRADE AND BILLS PAYABLES

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

	30 June 2023	31 December 2022 (Restated)
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Within 60 days	574,431	584,092
61 to 180 days	623,088	764,810
Over 180 days	553,582	385,395
	<u>1,751,101</u>	<u>1,734,297</u>

13. BUSINESS COMBINATIONS UNDER COMMON CONTROL

During the six months ended 30 June 2023, the Group acquired equity interest of the below subsidiaries from fellow subsidiaries. Details of the acquired subsidiaries are as follows:

Name of the company	Voting rights/ effective equity interests	Date of acquisition	Principal activities	Total cash consideration <i>RMB'000</i>
China Resources Healthcare (Liaoning) Group Co., Ltd. (“華潤健康(遼寧)集團有限公司”) (“ CR Liaoning Healthcare Group ”)	76.10%/76.10%	25 June 2023	Hospital and corporate management and supply chain services	3,503,219
Shenzhen China Resources Healthcare Industry Development Co., Limited (“深圳華潤健康產業投資有限公司”) (“ Shenzhen Development ”)	100.00%/100.00%	25 June 2023	Supply chain services	139,383
China Resources Healthcare (Jiangxi) Co., Limited (“華潤健康(江西)有限公司”) (“ Jiangxi Medical Group ”)	80.00%/80.00%	25 June 2023	Hospital and corporate management and supply chain services	256,282

As Jiangxi Medical Group, CR Liaoning Healthcare Group and Shenzhen Development and the Group are under common control of China Resources Healthcare Group Limited (“**CR Healthcare**”) before and after the business combination and the control is not transitory, the acquisition of Jiangxi Medical Group, CR Liaoning Healthcare Group and Shenzhen Development was considered as a business combination involving entities under common control.

The financial performance previously reported by the Group for the six months ended 30 June 2022 has been restated to include the operating results of the combining entities from the earliest date presented or since the date when combining entities first came under common control (i.e. 2 June 2022), where there is a shorter period, regardless of the date of the common control combination, as set out below:

	The Group RMB'000 (as previously reported)	CR Liaoning Healthcare Group RMB'000	Shenzhen Development RMB'000	Jiangxi Medical Group RMB'000	Inter- company elimination RMB'000	The Group RMB'000 (as restated)
REVENUE	2,850,489	294,578	5,606	72,753	(17,494)	3,205,932
Cost of sales	<u>(2,326,223)</u>	<u>(224,534)</u>	<u>(1,893)</u>	<u>(65,316)</u>	<u>17,494</u>	<u>(2,600,472)</u>
Gross profit	524,266	70,044	3,713	7,437	—	605,460
Other income	94,842	4,389	3	333	—	99,567
Other gains and losses, net	(77,069)	(8)	—	—	—	(77,077)
Selling and distribution expenses	(8,779)	—	—	—	—	(8,779)
Administrative expenses	(292,473)	(17,679)	(10)	(2,271)	—	(312,433)
Impairment losses on financial and contract assets, net	(770)	—	—	(2,468)	—	(3,238)
Other expenses	(5,081)	(92)	—	(196)	—	(5,369)
Finance costs	(11,970)	(1,951)	—	(1,458)	—	(15,379)
Share of profits and losses of:						
A joint venture	(4,217)	—	—	—	—	(4,217)
Associates	<u>35,426</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>35,426</u>
PROFIT BEFORE TAX	254,175	54,703	3,706	1,377	—	313,961
Income tax expense	<u>(39,428)</u>	<u>(2,429)</u>	<u>(1,508)</u>	<u>—</u>	<u>—</u>	<u>(43,365)</u>
PROFIT FOR THE PERIOD	<u>214,747</u>	<u>52,274</u>	<u>2,198</u>	<u>1,377</u>	<u>—</u>	<u>270,596</u>
OTHER COMPREHENSIVE INCOME						
— re-measurement gains on a defined benefit plan	<u>—</u>	<u>610</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>610</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>214,747</u>	<u>52,884</u>	<u>2,198</u>	<u>1,377</u>	<u>—</u>	<u>271,206</u>
Attributable to:						
Owners of the parent	201,589	40,245	2,198	1,102	—	245,134
Non-controlling interests	<u>13,158</u>	<u>12,639</u>	<u>—</u>	<u>275</u>	<u>—</u>	<u>26,072</u>
	<u>214,747</u>	<u>52,884</u>	<u>2,198</u>	<u>1,377</u>	<u>—</u>	<u>271,206</u>

The financial position previously reported by the Group as at 31 December 2022 has been restated to include the assets and liabilities of the combining entities recognised at the carrying value based on the controlling shareholder's (i.e. CR Healthcare's) financial statements, as set out below:

	The Group <i>RMB'000</i> (as previously reported)	CR Liaoning Healthcare Group <i>RMB'000</i>	Shenzhen Development <i>RMB'000</i>	Jiangxi Medical Group <i>RMB'000</i>	Inter- company elimination <i>RMB'000</i>	The Group <i>RMB'000</i> (as restated)
NON-CURRENT ASSETS						
Property, plant and equipment	1,933,225	2,634,834	—	419,633	—	4,987,692
Right-of-use assets	357,708	66,989	—	5,287	—	429,984
Goodwill	2,339,498	1,048,741	—	351,961	—	3,740,200
Other intangible assets	68,657	—	—	—	—	68,657
Investments in associates	980,453	—	—	—	—	980,453
Receivables from invest-operate- transfer (“IOT”) hospitals	54,965	—	—	—	—	54,965
Financial assets at fair value through profit or loss (“FVTPL”)	65,604	—	—	—	—	65,604
Other financial assets at amortised cost	526,586	—	—	—	—	526,586
Deferred tax assets	26,303	—	—	—	—	26,303
Due from related parties	—	3,166	—	2,117	—	5,283
Other non-current assets	76,269	86,341	—	2,950	—	165,560
Total non-current assets	6,429,268	3,840,071	—	781,948	—	11,051,287
CURRENT ASSETS						
Inventories	217,347	120,286	—	29,842	—	367,475
Trade and bills receivables	796,107	537,050	1,238	156,275	—	1,490,670
Contract assets	21,872	—	—	—	—	21,872
Prepayments, deposits and other receivables	312,842	58,362	218	9,209	—	380,631
Due from related parties	22,670	909,942	9,921	129,430	(9,515)	1,062,448
Other financial assets at amortised cost	324,301	—	—	—	—	324,301
Restricted and pledged bank deposits	1,152	—	—	17,727	—	18,879
Cash and cash equivalents	2,977,543	39,668	11,706	71,094	—	3,100,011
Total current assets	4,673,834	1,665,308	23,083	413,577	(9,515)	6,766,287

	The Group RMB'000 (as previously reported)	CR Liaoning Healthcare Group RMB'000	Shenzhen Development RMB'000	Jiangxi Medical Group RMB'000	Inter- company elimination RMB'000	The Group RMB'000 (as restated)
CURRENT LIABILITIES						
Trade and bills payables	916,921	580,524	—	236,852	—	1,734,297
Other payables and accruals	745,871	813,287	6,886	132,948	—	1,698,992
Due to related parties	147,007	121,881	183	44,422	(9,515)	303,978
Interest-bearing bank and other borrowings	1,012,756	177,625	—	120,255	—	1,310,636
Lease liabilities	35,052	3,462	—	4	—	38,518
Deferred income	2,488	—	—	—	—	2,488
Tax payable	30,614	4,787	—	—	—	35,401
Total current liabilities	<u>2,890,709</u>	<u>1,701,566</u>	<u>7,069</u>	<u>534,481</u>	<u>(9,515)</u>	<u>5,124,310</u>
NET CURRENT ASSETS	<u>1,783,125</u>	<u>(36,258)</u>	<u>16,014</u>	<u>(120,904)</u>	<u>—</u>	<u>1,641,977</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>8,212,393</u>	<u>3,803,813</u>	<u>16,014</u>	<u>661,044</u>	<u>—</u>	<u>12,693,264</u>
NON-CURRENT LIABILITIES						
Interest-bearing bank borrowings	1,007,636	3,600	—	6,027	—	1,017,263
Lease liabilities	32,189	3,117	—	—	—	35,306
Retirement benefit obligations	51,763	317,675	—	5,420	—	374,858
Deferred income	23,734	15,799	—	1,916	—	41,449
Deferred tax liabilities	71,316	—	—	—	—	71,316
Provision	1,431	22,393	—	60	—	23,884
Due to related parties	—	—	—	449,017	—	449,017
Other liabilities	26,271	—	—	—	—	26,271
Total non-current liabilities	<u>1,214,340</u>	<u>362,584</u>	<u>—</u>	<u>462,440</u>	<u>—</u>	<u>2,039,364</u>
Net assets	<u>6,998,053</u>	<u>3,441,229</u>	<u>16,014</u>	<u>198,604</u>	<u>—</u>	<u>10,653,900</u>
EQUITY						
Share capital	267	2,737,242	—	200,000	(2,937,242)	267
Reserves	<u>6,461,622</u>	<u>703,987</u>	<u>16,014</u>	<u>(1,396)</u>	<u>2,328,966</u>	<u>9,509,193</u>
Equity attributable to owners of the parent	6,461,889	3,441,229	16,014	198,604	(608,276)	9,509,460
Non-controlling interests	<u>536,164</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>608,276</u>	<u>1,144,440</u>
Total equity	<u>6,998,053</u>	<u>3,441,229</u>	<u>16,014</u>	<u>198,604</u>	<u>—</u>	<u>10,653,900</u>

The cash flows previously reported by the Group for the six months ended 30 June 2022 have been restated to include the cash flows of the combining entities from the earliest date presented or since the date when the combining entities first came under common control, where this is a shorter period, regardless of the date of the common control combination, as set out below:

	The Group <i>RMB'000</i> (as previously reported)	CR Liaoning Healthcare Group <i>RMB'000</i>	Shenzhen Development <i>RMB'000</i>	Jiangxi Medical Group <i>RMB'000</i>	Inter- company elimination <i>RMB'000</i>	The Group <i>RMB'000</i> (as restated)
Net cash flows from/(used in) operating activities	38,600	64,513	9,082	(15,597)	—	96,598
Net cash flows from/(used in) investing activities	21,669	(12,811)	—	(1,632)	—	7,226
Net cash flows used in financing activities	<u>(42,615)</u>	<u>(1,334)</u>	<u>—</u>	<u>(338)</u>	<u>—</u>	<u>(44,287)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	17,654	50,368	9,082	(17,567)	—	59,537
Cash and cash equivalents at beginning of period	2,324,051	460,223	1,902	165,225	—	2,951,401
Effect of exchange rate changes, net	<u>1,745</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,745</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>2,343,450</u></u>	<u><u>510,591</u></u>	<u><u>10,984</u></u>	<u><u>147,658</u></u>	<u><u>—</u></u>	<u><u>3,012,683</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

On February 22, 2023, CR Hospital Investment (a wholly-owned subsidiary of the Company) (as transferee) entered into the relevant equity/debt transfer agreements with LR Management and CR Technology (fellow subsidiaries of the Company) (both as transferors), respectively, to acquire the 76.10% equity interests in Liaoning CR Healthcare, 100% equity interests in Shenzhen CR Healthcare, 80% equity interests in the JE Subject and the debts owed by the JE Subject to CR Technology all at considerations settled in cash. The aforesaid transactions covered the acquisition of the sponsorship rights of 31 LH Member Institutions and 6 JE Member Medical Institutions, and the equity transfers of which have been completed by the end of June 2023. The Company confirms that according to the International Financial Reporting Standards and the accounting policies of the Group, the Group will retrospectively consolidate the financial results of the LH Subjects and the JE Subject from June 2, 2022 (the date on which the Group, the LH Subjects and the JE Subject started to come under common control). The comparative data of the Group's financial year 2022 financial statements (the "Comparative Data") will be restated, that is, the financial results of the LH Subjects and the JE Subject from June 2, 2022 will be included in the Comparative Data. The Group's financial year 2023 financial results will include the financial results of the LH Subjects and the JE Subject starting from January 1, 2023. Further details of the aforesaid transactions and the accounting arrangement could be found in the announcements of the Company dated February 22, 2023, May 17, 2023 and June 30, 2023 and the circular of the Company dated April 27, 2023.

With the effect of the aforesaid accounting arrangement, the consolidated revenue of the Group for the Reporting Period amounted to RMB5,114 million (Corresponding Period: RMB3,206 million), and the consolidated net profit of the Group for the Reporting Period amounted to RMB487 million (Corresponding Period: RMB271 million). Earnings per share of the Company for the Reporting Period amounted to RMB0.31 (Corresponding Period: RMB0.19). Among them, the consolidated revenue and the consolidated net profit brought by the LH Member Institutions and JE Member Medical Institutions amounted to RMB2,091 million and RMB257 million, respectively. During the Reporting Period, the member hospitals of the Company recorded a year-on-year improvement in terms of business volume, revenue and operating profit. The number of conventional out-patient visits and in-patient visits of our member hospitals increased by 5.3% and 9.7%, respectively, and the medical business revenue of our member hospitals recorded a year-on-year increase of 10.4%.

Scale of our operation

As of June 30, 2023, the Group managed and operated a total of 146 medical institutions in 10 provinces and cities in the PRC. During the Reporting Period, the number of conventional out-patient visits and in-patient visits of our member hospitals were approximately 7,100,000 and 310,000, respectively, representing the respective year-on-year increase of 5.3% and 9.7%.

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

Province/City	Grade III Hospitals	Grade II Hospitals	Grade I		Total
			Hospitals and Community Centres	Clinics & Other Medical Institutions	
Beijing	3	4	8	27	42
Liaoning	5	11	13	8	37
Jiangxi	1	3	4	3	11
Shandong	—	2	2	7	11
Shanxi	—	1	—	—	1
Jiangsu	—	2	—	—	2
Anhui	1	1	17	4	23
Hubei	2	—	3	7	12
Guangdong	1	1	—	2	4
Guangxi	—	2	1	—	3
Total	<u>13</u>	<u>27</u>	<u>48</u>	<u>58</u>	<u>146</u>

Operating data for 2023H1

Type	Number of beds in operation	Utilization rate of beds	Number of out-patients	Number of in-patients	Revenue from medical business (RMB'000)			Total
					Revenue from out-patient visits	Revenue from in-patient visits	Revenue from physical examination	
Self-owned Hospitals	18,630	80.60%	4,880,551	273,969	1,785,195	2,880,908	78,421	4,744,524
— LH Member Institutions and JE Member Medical Institutions	11,130	79.03%	2,225,610	159,337	739,870	1,303,668	47,484	2,091,022
Other Hospitals	3,355	70.70%	2,796,943	40,536	1,076,879	693,739	25,970	1,796,588
Subtotal	<u>21,985</u>	<u>79.09%</u>	<u>7,677,494</u>	<u>314,505</u>	<u>2,862,074</u>	<u>3,574,647</u>	<u>104,391</u>	<u>6,541,112</u>

Operating data for 2022H1

Type	Number of beds in operation	Utilization rate of beds	Number of out-patients	Number of in-patients	Revenue from medical business (RMB'000)			Total
					Revenue from out-patient visits	Revenue from in-patient visits	Revenue from physical examination	
Self-owned Hospitals	19,501	72.33%	7,644,677	252,035	1,715,681	2,509,219	72,625	4,297,525
— LH Member Institutions and JE Member Medical Institutions	11,578	69.83%	3,986,612	143,856	716,996	1,149,425	41,173	1,907,594
Other Hospitals	3,446	58.66%	4,211,903	34,698	998,066	611,568	17,650	1,627,284
Subtotal	<u>22,947</u>	<u>70.28%</u>	<u>11,856,580</u>	<u>286,733</u>	<u>2,713,747</u>	<u>3,120,787</u>	<u>90,275</u>	<u>5,924,809</u>

Notes:

1. In respect of the operating data statistics, the abovementioned self-owned hospitals refer to all consolidated hospitals.
2. The operating data for the first half of 2022 and 2023 both include six months's operating data of LH Member Institutions and JE Member Medical Institutions.

Financial data for 2023H1

2023H1 RMB'000	Segment results						
	Total	— LH Member Institutions and JE Member		Other hospitals	Other derived businesses	Administrative expenses	Other gains and expenses
		Self-owned Hospitals	Medical Institutions				
Revenue from goods and services	5,114,026	4,744,524	2,091,022	366,872	2,630	—	—
Cost of sales and services	(4,024,751)	(3,766,242)	(1,613,760)	(255,895)	(2,614)	—	—
Other income	33,655	29,751	17,068	3,577	327	—	—
Other gains and losses	4	4	(2,717)	—	—	—	—
Selling and distribution expenses	(5,278)	(1,955)	—	(3,323)	—	—	—
Administrative expenses	(411,038)	(396,023)	(156,079)	(13,769)	(1,246)	—	—
Finance costs	(9,542)	(9,542)	(5,811)	—	—	—	—
Impairment losses on financial and contract assets, net	(4,121)	(4,121)	(1,565)	—	—	—	—
Other expenses	(7,270)	(7,270)	(6,018)	—	—	—	—
Share of profit of joint ventures/associates	41,529	—	—	41,529	—	—	—
Segment results	727,214	589,126	322,140	138,991	(903)	N/A	N/A
Headquarters operating expenses	(36,987)	—	—	—	—	(36,987)	—
Other profit or loss	(13,493)	—	—	—	—	—	(13,493)
Finance costs	(51,608)	—	—	—	—	—	(51,608)
Income tax	(138,258)	—	—	—	—	—	(138,258)
Net profit or loss	486,868	589,126	322,140	138,991	(903)	(36,987)	(203,359)

Notes:

During the Reporting Period:

- (1) Self-owned hospitals include: Jian Gong Hospital, Jinan Bei Cheng Hospital, Huaikuang Hospital Group, the Run Neng Hospitals, Guangdong 999 Brain Hospital, Xuzhou Mining Hospital and Huaibei City Mental Health Center, Wugang Hospital Group, Huaiyin Hospital, LH Member Institutions and JE Member Medical Institutions.
- (2) Other hospitals include: Beijing Mentougou Hospital, Beijing Mentougou Traditional Chinese Medicine Hospital, Beijing Mentougou Hospital for Women and Children, Beijing Shunyi District Konggang Hospital, the Second Hospital of Beijing Shunyi District, Yantai Zhifu Hospital, Yuenianhua Rehabilitation Hospital and Jing Mei Hospital.

Financial data for 2022H1

2022H1 <i>RMB'000</i>	Segment results						
	Total	— LH Member Institutions and JE Member		Other hospitals	Other derived businesses	Administrative expenses	Other gains and expenses
		Self-owned Hospitals	Medical Institutions				
Revenue from goods and services	3,205,932	2,742,692	355,443	455,601	7,639	—	—
Cost of sales and services	(2,600,472)	(2,260,111)	(274,249)	(329,105)	(11,256)	—	—
Other income	38,018	30,360	2,043	3,778	3,880	—	—
Other gains and losses	343	343	(8)	—	—	—	—
Selling and distribution expenses	(8,684)	(3,216)	—	(5,308)	(160)	—	—
Administrative expenses	(274,496)	(234,758)	(18,292)	(33,972)	(5,766)	—	—
Finance costs	(2,846)	(2,838)	(1,666)	—	(8)	—	—
Impairment losses on financial and contract assets, net	(5,407)	(5,023)	(2,468)	—	(384)	—	—
Other expenses	(5,328)	(5,302)	(286)	—	(26)	—	—
Share of profit of joint ventures/associates	31,209	—	—	31,209	—	—	—
Segment results	378,269	262,147	60,517	122,203	(6,081)	N/A	N/A
Headquarters operating expenses	(38,032)	—	—	—	—	(38,032)	—
Other profit or loss	(13,743)	—	—	—	—	—	(13,743)
Finance costs	(12,533)	—	—	—	—	—	(12,533)
Income tax	(43,365)	—	—	—	—	—	(43,365)
Net profit or loss	270,596	262,147	60,517	122,203	(6,081)	(38,032)	(69,641)

Notes:

For the Corresponding Period:

- (1) Self-owned hospitals include: Jian Gong Hospital, Jinan Bei Cheng Hospital, Huaikuang Hospital Group, the Run Neng Hospitals, Guangdong 999 Brain Hospital, Xuzhou Mining Hospital and Huaibei City Mental Health Center, Wugang Hospital Group, Huaiyin Hospital, LH Member Institutions and JE Member Medical Institutions (since June 2, 2022).
- (2) Other hospitals include: Beijing Mentougou Hospital, Beijing Mentougou Traditional Chinese Medicine Hospital, Beijing Mentougou Hospital for Women and Children, Beijing Shunyi District Konggang Hospital, the Second Hospital of Beijing Shunyi District, Yantai Zhifu Hospital, Yuenianhua Rehabilitation Hospital and Jing Mei Hospital.

SEGMENT RESULTS

In the first half of 2023, the aggregated results of all segments amounted to about RMB727 million, which increased by approximately 92.2% as compared with the Corresponding Period. The Group retroactively consolidated the financial results of the LH Subjects and the JE Subject from June 2, 2022, so the Corresponding Period's financial results include the results of LH Subjects and JE Subject starting from June 2, 2022 to June 30, 2022. In the first half of 2023, the Group's financial results include six months financial results of the LH Subjects and the JE Subject, and the segment results of the LH Subjects and the JE Subject were approximately RMB322 million.

Segment Results — Self-owned Hospitals

During the Reporting Period, the segment results of the self-owned hospitals recorded approximately RMB589 million, of which the segment results of LH Subjects and JE Subject recorded approximately RMB322 million. Due to the further improvement of operational management efficiency, the segment results of other self-owned hospitals were approximately RMB267 million, representing an increase of 32.4%.

Since the Reporting Period, Jing Mei Hospital was no longer counted as a self-owned hospital, and its corresponding financial data were included in the “other hospitals” segment. To ensure consistency, the data for the same period last year were also adjusted accordingly.

Self-owned hospitals	2023H1	2022H1	Year-on-Year Change	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>Percentage</i>
Revenue from medical business	4,744,524	2,735,064	2,009,460	73.5%
General healthcare services performance	613,032	248,357	364,675	146.8%
Supply chain gross profit	33,447	30,570	2,877	9.4%
Profit contribution	646,479	278,927	367,552	131.8%
Profit contribution rate	13.6%	10.2%	3.4ppt	
Operating expenses and other profit or loss	(57,353)	(16,780)	(40,573)	241.8%
Segment results	589,126	262,147	326,979	124.7%
Segment results rate	12.4%	9.6%	2.8ppt	

Segment Results — Other Hospitals

Other hospitals segment recorded respective increase in medical business revenue and results of 10.4% and 13.7% year-on-year respectively.

Other hospitals	2023H1	2022H1	Year-on-Year Change	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>Percentage</i>
Revenue from medical business	1,796,588	1,627,284	169,304	10.4%
Hospital management services	23,966	28,739	(4,773)	-16.6%
Supply chain gross profit	132,754	118,318	14,436	12.2%
Profit contribution	156,720	147,057	9,663	6.6%
Profit contribution rate	8.7%	9.0%	-0.3ppt	
Operating expenses and other profit or loss	<u>(17,729)</u>	<u>(24,854)</u>	<u>7,125</u>	<u>-28.7%</u>
Segment results	138,991	122,203	16,788	13.7%
Segment results rate	<u>7.7%</u>	<u>7.5%</u>	<u>0.2ppt</u>	

Headquarters operating expenses

During the Reporting Period, the total operating expenses of the headquarters amounted to approximately RMB37 million (Corresponding Period: approximately RMB38 million), accounting for 8.3% of the total administrative expenses of the Group (Corresponding Period: 12.2%).

Other profit or loss

During the Reporting Period, other loss of the Group totaled approximately RMB13.5 million (Corresponding Period: other loss totaled approximately RMB13.7 million), which mainly included the income from bank financial products, and the change in the fair value of shares of UMP Healthcare Holdings as held by the Group and the exchange gains and losses.

Finance costs

During the Reporting Period, the unallocated finance cost of the Group amounted to approximately RMB52 million (Corresponding Period: approximately RMB13 million). The increase in the finance costs was in line with the increase in foreign currency loan interest rates due to an increase in the U.S. dollar interest rate.

Income tax expense

During the Reporting Period, the Group's income tax expenses amounted to approximately RMB138 million (Corresponding Period: approximately RMB43 million). The effective income tax rate of the Group's recurring business was 22% (Corresponding Period: 14%).

Net profit

The Group recorded a net profit of RMB487 million, representing a year-on-year increase of 79.9%, among them, the net profit brought by the LH Subjects and JE Subject amounted to RMB257 million.

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

As at June 30, 2023, the Group did not have any significant investments. Save as disclosed in this announcement, the Group did not have any significant acquisitions and disposals of subsidiaries, associates or joint ventures during the Reporting Period.

Investment in UMP Healthcare Holdings

UMP Healthcare Holdings, listed on the main board of the Stock Exchange (stock code: 722.HK), is mainly engaged in providing healthcare solutions and service in Hong Kong. Details of investment in UMP Healthcare Holdings have been disclosed in the Company's annual reports in prior years. Pursuant to the relevant accounting standards, the Company has categorised the investment in UMP Healthcare Holdings as financial assets at fair value through profit or loss. As at June 30, 2023, the fair value of the investment in UMP Healthcare Holdings was approximately RMB65.17 million.

Investments in Associates — JR Renkang & JR Holdings

On June 28, 2020, the Group entered into a restructuring agreement on the establishment of two associates with Jing Mei Group, pursuant to which Beijing Jing Run Renkang Hospital Management Co., Ltd. ("**JR Renkang**") and Beijing Jing Run Renkang Holdings Co., Ltd. ("**JR Holdings**") were established and held by the Group and Jing Mei Group as to 49% and 51%, respectively. Upon establishment, JR Renkang and JR Holdings became associates of the Group. Pursuant to the abovementioned agreement, JR Holdings has become the sponsor of the Jing Mei Hospital Group and JR Renkang has been providing hospital management services to the Jing Mei Hospital Group. Please refer to the announcement of the Company dated June 28, 2020 for further details.

Future Plans for Material Investment or Capital Assets

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

FUTURE OUTLOOK

The Group will adhere to its positioning as a state-owned medical group and firmly promote its 14th Five-Year Plan strategy, with a view to becoming a top-tier medical and healthcare services provider in China as well as a leader in the reform of SOE medical groups. Building regional leading hospitals and regional medical clusters will continue to be the Group's top priority during the 14th Five-Year Plan period. We will deeply integrate into the local public healthcare systems, fully explore local healthcare integration opportunities, promote the differentiated development of leading hospitals and small and medium-sized hospitals, and enhance the overall level of medical technology and service capacity in each region, so as to drive the growth of the regional operational efficiency. At the same time, we will promote the achievement of our 14th Five-Year Plan strategic objectives through further optimizing our capital structure, deepening organisational reshaping, merging and integrating quality hospitals, and continuing to push forward with digitalisation. We will also continue to enhance our disciplinary capabilities, taking the disciplinary assessment and closed-loop management as the basis, focusing on the professional sub-committee system and specialised disciplinary centres, and promoting synergistic development of medical education and research, so as to create a group collective discipline management system with the characteristics of CR Medical. On this basis, we will enhance the stock of hospitals and integrate the incremental hospitals through the construction of core competencies such as patient services, group operation, organisation and talent building, and digitalisation, so as to achieve high-quality and sustainable development of the Group as a whole.

With the deepening of population aging and the improvement of people's living standards, China's medical service market will continue to maintain rapid growth, and state-run medical institutions will be an important part of China's medical industry. After the issuance of the "Plan for Supporting the High-Quality Development of State-owned Enterprises in Operating Medical Institutions", we are also closely monitoring the work progress of the national and local programs for the high-quality development of medical institutions run by state-owned enterprises, with a view to seizing the opportunities and standing out again in the future wave of consolidation in China's healthcare industry.

FINANCIAL REVIEW

Liquidity and Financing

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

As at June 30, 2023, the Group's consolidated bank balances and cash, time deposits and bank financial products amounted to approximately RMB4.77 billion in total (December 31, 2022 (restated): approximately RMB3.97 billion) which were primarily denominated in RMB.

As at June 30, 2023, the Group has obtained offshore revolving term loan facility of HK\$5.2 billion (or its equivalent in U.S. dollar or RMB). Among which, HK\$1.1 billion of the facility is a five-year committed loan, HK\$3.0 billion of the facility is with no fixed term until further notice by the corresponding bank, whilst the remaining HK\$1.1 billion of the facility is of a term of one year which shall be automatically renewed if the relevant bank does not notify otherwise. In addition, the Group has also obtained from banks in mainland facilities of RMB2.723 billion. As at June 30, 2023, the Group had interest-bearing bank borrowings of approximately HK\$2.271 billion and RMB0.34 billion (equivalent to approximately RMB2.434 billion in total) (December 31, 2022 (restated): approximately HK\$2.234 billion and RMB0.333 billion (equivalent to approximately RMB2.328 billion in total)), and unutilized bank facilities of approximately HK\$2.929 billion and RMB2.383 billion (equivalent to approximately RMB5.083 billion in total). As at June 30, 2023, the Group's offshore bank borrowings carried interests at floating rates, among which, HK\$1.1 billion would be due on June 25, 2027, and the rest would be due within one year. HK\$0.7 billion of the facilities is the sustainability-linked and social loan.

As at June 30, 2023, on the basis of interest-bearing liabilities (excluding payables to the Sponsored Hospitals and lease liabilities) divided by total assets, the Group's gearing ratio was 13.2% (December 31, 2022 (restated): 13.1%). In addition, the carrying value of each of our wealth management products as at June 30, 2023 did not exceed 5% of the Group's total asset value.

Exposure to Fluctuation in Exchange Rates, the Interest Rate Risk and Other Risks

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

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

We are also exposed to risk of talent shortage, and therefore we have been taking an active approach to attract, train and retain sufficient qualified doctors, management personnel and other medical staff members, in the absence of which the business of hospitals affiliated to the Group would be affected to a certain extent. Please refer to the paragraph headed “Management Discussion and Analysis — Employees and Remuneration Policy” for the relevant measures undertaken.

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

Contingent Liabilities

As at June 30, 2023, the Group did not have any contingent liabilities or guarantees that would have a material impact on the financial position or operations of the Group.

Pledge of Assets

As of June 30, 2023, the Group did not have any material pledge of assets.

Employees and Remuneration Policy

As of June 30, 2023, the Group had a total of 20,189 full-time employees (December 31, 2022 (restated): 20,622 employees). For the Reporting Period, the staff costs (including Directors’ remuneration in the form of salaries and other benefits) was approximately RMB1,667 million (Corresponding Period: RMB952 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.

The Group has also adopted the Share Option Scheme and the Share Award Scheme so as to provide incentives or rewards to Eligible Persons for their contribution or potential contribution to the Company and/or any of its subsidiaries.

Contractual Obligations

As at June 30, 2023, 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 and bills receivables, amounts due from related parties, receivables from IOT Hospitals, other receivables, financial assets at fair value through profit or loss, other financial assets at amortised cost (all of them are fixed deposits in nature, and certain of their deposit periods are longer than one year), cash and cash equivalents, restricted and pledged bank deposits, trade and bills payables, amount due to related parties, payables to the Sponsored Hospitals, other payables and interest bearing bank and other borrowings. The risks associated with these financial instruments include market risk, credit risk and liquidity risk. The management manages and monitors the exposures to such risks to ensure appropriate measures are implemented on a timely and effective manner.

Interim Dividend

The Board resolved not to declare any interim dividend for the Reporting Period (Corresponding Period: Nil).

Events After the Reporting Period

The Group had no significant subsequent events since the end of the Reporting Period.

COMPLIANCE WITH THE CG CODE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for dealings 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 Reporting Period. Senior management, executives and staff who, because of their offices in the Company, are likely to possess inside information of the Company have also been requested to comply with the provisions of the Model Code and the Company confirmed that there was no incident of non-compliance of the Model Code by such employees throughout the Reporting Period.

OTHER INFORMATION

Yan Hua IOT Agreement Dispute

In respect of the litigation case between the Company and the Yanhua Parties regarding the performance of the Yanhua IOT Agreement in 2019 (the “**2019 Litigation**”), the Beijing Higher People’s Court handed down a final judgment (2020 Jing Minzhong No.110) on November 22, 2021, which rejected the appeal filed by the Yanhua Parties in 2020 and upheld the original judgment in 2019: the core of the final judgement is as follows: (1) the unilateral termination of the Yan Hua IOT Agreement by the Yan Hua Parties is declared to be void and that the parties shall continue to perform its obligations under the Yan Hua IOT Agreement; (2) the amount of RMB14,400,000, being the liquidated damages, is to be paid by Yan Hua Phoenix to CR Hospital Management & Consulting. The Company received the liquidated damages amounted to RMB14,400,000 and related overdue fine paid by Yanhua Phoenix in April 2022 through the court enforcement procedure. However, due to the Yanhua Parties’ persistent refusal to perform the Yanhua IOT Agreement, the Company brought a separate lawsuit against the Yanhua Parties in September 2022 (the “**2022 Litigation**”) to seek compensation for the losses suffered by the Company as a result of the Yanhua Parties’ breach of the Yanhua IOT Agreement (including the management fee and supply chain fee receivable by the Company from 2019 to the filing date). The 2022 Litigation is currently in the hearing process of Beijing Second Intermediate People’s Court. During the course of the 2022 Litigation, the Company was informed that the Beijing Higher People’s Court rejected the retrial application filed by Yanhua Parties in respect of the 2019 Litigation on November 15, 2022. The Company will continue to use its best endeavours and take all appropriate actions to protect the interests of the Company and the Shareholders. The Company will make further announcement in accordance with the Listing Rules as and when appropriate for the future progress of the Yan Hua IOT Agreement dispute.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the Reporting Period 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.

The interim financial report for the six months ended 30 June 2023 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity”, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders.

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

For the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of The Hong Kong Exchanges and Clearing Limited (“**HKEx**”) at www.hkexnews.hk and of the Company at www.crmedical.hk, respectively. The interim report of the Company for the Reporting Period will be despatched to each of the Shareholders of the Company and published on HKEx’s and the Company’s websites, respectively, in due course.

DEFINITIONS

“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of our Company
“CG Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Chairman”	the chairman of our Board
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Taiwan, the Macau Special Administrative Region and Hong Kong
“Company” or “our Company” or “China Resources Medical”	China Resources Medical Holdings Company Limited (華潤醫療控股有限公司), a company incorporated in the Cayman Islands with limited liability on February 28, 2013
“Corresponding Period” or “2022 H1”	the period from January 1, 2022 to June 30, 2022
“CR Healthcare”	China Resources Healthcare Group, a company incorporated in Hong Kong with limited liability
“CR Hospital Investment”	China Resources Hospital Investment (China) Co., Ltd.* (華潤醫院投資(中國)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

“CR Hospital Management & Consulting”	China Resources Hospital Management & Consulting Co. Ltd. (華潤醫院管理諮詢有限公司) (formerly known as Beijing Phoenix United Hospital Management Consulting Co. Ltd. (北京鳳凰聯合醫院管理諮詢有限公司), Beijing Phoenix United Hospital Management Co., Ltd. (北京鳳凰聯合醫院管理有限公司) and Beijing Phoenix United Hospital Management Joint Stock Co., Ltd. (北京鳳凰聯合醫院管理股份有限公司)), a limited liability company established under the laws of the PRC on November 6, 2007, and a wholly-owned subsidiary of our Company
“CR Technology”	China Resources Healthcare Technology Development (China) Co., Ltd.* (華潤健康科技產業發展(中國)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of CR Healthcare
“Director(s)”	the director(s) of the Company
“Eligible Persons”	any of the (i) key management personnel including the Directors and senior management of the Group; (ii) employed experts as nominated by the Board; and (iii) core employees of the Group
“Group”, “we” or “us”	our Company and its subsidiaries
“HK\$” or “HKD” and “HK cent(s)” or “cent(s)”	Hong Kong dollar and cent(s) respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaikuang Hospital”	Huaibei Miner General Hospital* (淮北礦工總醫院)
“Huaikuang Hospital Group”	collectively, Huaikuang Hospital and certain affiliated hospitals and community clinics
“Huaiyin Hospital”	Huai’an City Huaiyin Hospital Company Limited (淮安市淮陰醫院有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“IOT”	the “invest-operate-transfer” model
“IOT Hospitals”	third-party hospitals and clinics, which we manage and operate under the IOT model

“JE Member Medical Institution(s)”	medical institution(s) under the JE Subject and their respective subordinate organizations
“JE Subject”	CR Healthcare (Jiangxi) Co., Ltd.* (華潤健康(江西)有限公司), a company incorporated in the PRC with limited liability
“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, formerly being Beijing Construction Worker Hospital (北京市建築工人醫院), before its reform
“Jinan Bei Cheng Hospital”	Jinan Bei Cheng Hospital Company Limited* (濟南北城醫院有限公司), a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of our Company, formerly being CNHTC Hospital (中國重型汽車集團有限公司醫院), before its reform, which officially changed its name from Jinan Zhong Qi Hospital Company Limited to Jinan Bei Cheng Hospital Company Limited in January 2023
“Jing Mei Group”	Beijing Jing Mei Group Company Limited* (北京京煤集團有限責任公司), a company established in the PRC with limited liability. Jing Mei Group is a wholly-owned subsidiary of Beijing Energy Holding Company Limited* (北京能源集團有限責任公司), which currently holds the entire interest in and the sponsorship of Jing Mei Hospital and its affiliated medical institutes
“Jing Mei Hospital”	Jing Mei Hospital* (北京京煤集團總醫院)
“Jing Mei Hospital Group”	collectively, Jing Mei Hospital and its affiliated grade I hospitals and community clinics
“LH Member Institution(s)”	institution(s) under Liaoning Health Industry and their respective subordinate organizations
“LH Subjects”	Liaoning CR Healthcare and Shenzhen CR Healthcare
“Liaoning CR Healthcare”	China Resources Healthcare (Liaoning) Group Co., Ltd.* (華潤健康(遼寧)集團有限公司), a company established in the PRC with limited liability

“Liaoning Health Industry”	Liaoning Health Industry Group Co., Ltd.* (遼寧省健康產業集團有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LR Management”	LR Management Company Limited, a company established in Hong Kong with limited liability
“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 the Group manages and operates under the OT model
“Reporting Period” or “2023H1”	the period from January 1, 2023 to June 30, 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Run Neng Hospitals”	collectively, Guangdong CEEC Power Hospital* (廣東中能建電力醫院), Beijing CEEC Hospital* (北京中能建醫院), Beijing CEEC Hospital Shuozhou Hospital* (北京中能建朔州醫院), Guangxi Hydropower Hospital* (廣西水電醫院) and Hefei Gaoxin District Changning Community Healthcare Center* (合肥高新區長寧社區衛生服務中心), Tiandong Street Dianchang Road Community Healthcare Center* (田東街道電廠路社區衛生服務中心), Gaoxin District Tianle Community Healthcare Center* (高新區天樂社區衛生服務中心) and Gaoxin District Xingyuan Community Healthcare Center* (高新區興園社區衛生服務中心)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) with par value of HK\$0.00025 each in the capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)

“Share Award Scheme”	the share award scheme of the Company adopted by the Board pursuant to a resolution passed by the Board on July 7, 2014, as amended by the Board on May 25, 2015 and August 31, 2018
“Share Option Scheme”	the share option scheme conditionally adopted by the Company pursuant to a resolution passed by our Shareholders on September 30, 2013
“Shenzhen CR Healthcare”	Shenzhen China Resources Healthcare Industry Investment Co., Ltd.* (深圳華潤健康產業投資有限公司), a company established in the PRC with limited liability
“Sponsored Hospital(s)”	the hospital(s) in the PRC whose sponsor is the Company or its subsidiary
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UMP Healthcare Holdings”	UMP Healthcare Holdings Limited (聯合醫務集團有限公司), a limited liability company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange (stock code: 722.HK)
“U.S. dollar” or “US\$”	United States dollar, the lawful currency of the United States of America
“Wugang Hospital”	China Resources Wugang General Hospital* (華潤武鋼總醫院)
“Wugang Hospital Group”	collectively, Wugang Hospital, Wuhan Iron and Steel (Group) Corporation No. 2 Staff Hospital* (武漢鋼鐵(集團)公司第二職工醫院) and certain affiliated hospitals and community clinics
“Yan Hua Hospital”	Yan Hua Hospital* (北京燕化醫院)
“Yan Hua Hospital Group”	collectively, Yan Hua Hospital and the community clinics affiliated with Yan Hua Hospital
“Yan Hua Hospital Investment Management Agreement”	the hospital investment management agreement dated February 4, 2008, which was supplemented in April 2008, December 2010, June 2011, July 2013, September 2013 and October 2013, and were entered into between CR Hospital Management & Consulting, Yan Hua Hospital and Yan Hua Phoenix

“Yan Hua IOT Agreement”	the hospital management right and investment framework agreement dated February 1, 2008 and the Yan Hua Hospital Investment Management Agreement dated February 4, 2008, both of which were supplemented in April 2008, December 2010, June 2011, June 2013, July 2013, September 2013 and October 2013, entered into by CR Hospital Management & Consulting with Yan Hua Phoenix and Yan Hua Hospital Group
“Yan Hua Parties”	Yan Hua Phoenix and Yan Hua Hospital
“Yan Hua Phoenix”	Beijing Yan Hua Phoenix Healthcare Asset Management Co., Ltd.* (北京燕化鳳凰醫療資產管理有限公司), a limited liability company incorporated under the laws of the PRC on July 18, 2005
“Yuenianhua Rehabilitation Hospital”	Nanning Yuenianhua Rehabilitation Hospital Co. Ltd.* (南寧市悅年華康復醫院有限公司), a limited company established under the laws of the PRC and a for profit hospital focusing on rehabilitation specially

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

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

By Order of the Board
China Resources Medical Holdings Company Limited
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.