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China Resources Medical Holdings Company Limited

華潤醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1515)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

FINANCIAL HIGHLIGHTS

	Year ended December 31,	
	2020	2019
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue	<u>2,750,650</u>	<u>2,115,320</u>
Profit for the year:	320,321	400,634
— Profit for the year attributable to owners of the parent	<u>310,131</u>	<u>390,865</u>
Earnings per share attributable to ordinary equity holders of the parent		
— basic <i>(RMB yuan)</i>	0.25	0.31
— diluted <i>(RMB yuan)</i>	0.25	0.31
Proposed final dividend per share <i>(HK cents per share)</i>	<u>8.82 cents</u>	<u>10 cents</u>

The board of directors (the “**Board**”) of China Resources Medical Holdings Company Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended December 31, 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2020

	Notes	2020 RMB'000	2019 RMB'000
REVENUE	4	2,750,650	2,115,320
Cost of sales		<u>(2,114,143)</u>	<u>(1,353,029)</u>
Gross profit		636,507	762,291
Other income	5	104,310	75,270
Other gains and losses, net	6	28,958	(26,562)
Selling and distribution expenses		(14,585)	(16,135)
Administrative expenses		(323,380)	(237,434)
Finance costs		(17,391)	(16,942)
Impairment losses on financial assets, net		(19,937)	(1,577)
Impairment loss on an other intangible asset		(3,588)	—
Other expenses		(7,677)	(2,258)
Share of profits and losses of:			
A joint venture		1,072	4,502
Associates		33,896	144
PROFIT BEFORE TAX	7	418,185	541,299
Income tax expense	8	<u>(97,864)</u>	<u>(140,665)</u>
PROFIT FOR THE YEAR		<u>320,321</u>	<u>400,634</u>
Attributable to:			
Owners of the parent		310,131	390,865
Non-controlling interests		<u>10,190</u>	<u>9,769</u>
		<u>320,321</u>	<u>400,634</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic (RMB yuan)		<u>0.25</u>	<u>0.31</u>
Diluted (RMB yuan)		<u>0.25</u>	<u>0.31</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2020

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>320,321</u>	<u>400,634</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement losses on defined benefit plan	<u>(4,194)</u>	<u>(1,658)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>316,127</u>	<u>398,976</u>
Attributable to:		
Owners of the parent	305,890	389,539
Non-controlling interests	<u>10,237</u>	<u>9,437</u>
	<u>316,127</u>	<u>398,976</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2020

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		805,149	181,375
Right-of-use assets		240,483	156,050
Goodwill		1,471,868	1,463,611
Other intangible assets		1,345,623	2,035,762
Investment in a joint venture		514,100	513,028
Investments in associates		41,397	151
Receivables from invest-operate-transfer (“IOT”) hospitals		77,214	80,979
Loan to a sponsored hospital		51,197	55,062
Financial assets at fair value through profit or loss (“FVTPL”)		92,718	113,485
Other financial assets at amortised cost		100,095	—
Deferred tax assets		188	—
Other non-current assets		76,269	76,269
		<hr/>	<hr/>
Total non-current assets		4,816,301	4,675,772
CURRENT ASSETS			
Inventories		142,035	62,121
Trade and bills receivables	11	618,103	618,698
Contract assets		19,840	12,120
Prepayments, deposits and other receivables		372,395	219,783
Due from related parties		5,472	9,384
Financial assets at FVTPL		105,296	244,769
Other financial assets at amortised cost		164,927	25,114
Pledged deposits		17,454	—
Cash and cash equivalents		2,701,370	2,006,220
		<hr/>	<hr/>
Total current assets		4,146,892	3,198,209

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables	12	564,125	241,303
Other payables and accruals		577,102	252,120
Due to related parties		97,751	4,843
Payables to hospitals sponsored by the Group (the “Sponsored Hospitals”)		217,717	255,571
Interest-bearing bank borrowings		684,301	578,337
Lease liabilities		19,398	5,286
Tax payable		46,792	46,795
		<hr/>	<hr/>
Total current liabilities		2,207,186	1,384,255
		<hr/>	<hr/>
NET CURRENT ASSETS		1,939,706	1,813,954
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,756,007	6,489,726
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		46,775	13,597
Retirement benefit obligations		47,323	18,120
Deferred tax liabilities		317,615	317,834
Provision		3,840	—
		<hr/>	<hr/>
Total non-current liabilities		415,553	349,551
		<hr/>	<hr/>
Net assets		6,340,454	6,140,175
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		267	267
Reserves		6,105,189	5,903,433
		<hr/>	<hr/>
		6,105,456	5,903,700
		<hr/>	<hr/>
Non-controlling interests		234,998	236,475
		<hr/>	<hr/>
Total equity		6,340,454	6,140,175
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NOTES

December 31, 2020

1. CORPORATE INFORMATION

China Resources Medical Holdings Company Limited is a limited liability company incorporated in the Cayman Islands. The address of the registered office of the Company is 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business of the Company in Mainland China is located at 14/F, Kunlun Center Office Building No. 5, Courtyard No. 9, Fuyi Street, Fengtai District, Beijing, the People's Republic of China (the "PRC").

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

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at FVTPL which have been measured at fair value. The financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

- (b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group’s buildings have been reduced by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB1,791,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

- (e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i> ²
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i> ¹
Amendments to IFRS 10 and IAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
IFRS 17	<i>Insurance Contracts</i> ³
Amendments to IFRS 17	<i>Insurance Contracts</i> ^{3, 5}
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ³
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> ²
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i> ²
<i>Annual Improvements to IFRSs 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 ²

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ No mandatory effective date yet determined but available for adoption

⁵ As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

3. OPERATING SEGMENT INFORMATION

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

- (a) Consolidated hospitals — this segment engages in the provision of out-patient and in-patient services;
- (b) Unconsolidated hospitals — this segment engages in the provision of services to the unconsolidated hospitals;
- (c) IOT/operate-transfer (“OT”) hospitals — this segment engages in the provision of services to IOT hospitals and an OT hospital; and
- (d) Others — this segment engages in the provision of services to other kinds of clients.

Management monitors the results of the Group’s operating segments separately for the purpose of facilitating decision-making process of resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measurement of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that fair value gains/losses on financial assets at FVTPL, dividend income on financial assets at FVTPL, gain on bargain purchase, loss on liquidation of an associate, 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

Year ended 31 December 2020	Consolidated hospitals RMB'000	Unconsolidated hospitals RMB'000	IOT/OT hospitals RMB'000	Others RMB'000	Total RMB'000
External revenues					
General healthcare services	1,643,620	—	—	—	1,643,620
Hospital management services	—	47,889	31,012	—	78,901
Third-party supply chain service fees	31,076	77,607	71,603	—	180,286
GPO business	—	163,267	658,241	—	821,508
Other hospital-derived services	—	—	—	26,335	26,335
Inter-segment revenue					
Hospital management services	58,957	—	—	—	58,957
GPO business	184,404	—	—	—	184,404
Other hospital-derived services	4,310	—	—	2,865	7,175
Segment revenue	1,922,367	288,763	760,856	29,200	3,001,186
Eliminations	(247,671)	—	—	(2,865)	(250,536)
Consolidated revenue	1,674,696	288,763	760,856	26,335	2,750,650
Segment cost	(1,379,012)	(148,670)	(566,051)	(20,410)	(2,114,143)
Other income	14,075	—	9,588	5,526	29,189
Other gains	356	—	—	—	356
Selling and distribution expenses	(2,639)	(3,641)	(7,921)	—	(14,201)
Administrative expenses	(151,255)	(6,551)	(33,641)	(10,374)	(201,821)
Finance costs	(2,422)	—	—	(22)	(2,444)
Impairment losses on financial assets, net	(18,258)	—	(1,920)	—	(20,178)
Impairment loss on an other intangible asset	—	—	(3,588)	—	(3,588)
Other expenses	(7,173)	—	—	(219)	(7,392)
Share of profit of a joint venture	—	1,072	—	—	1,072
Share of profits of associates	—	—	34,047	—	34,047
Segment results	128,368	130,973	191,370	836	451,547
Fair value losses on financial assets at FVTPL					(25,140)
Dividend income on a financial asset at FVTPL					2,618
Gain on bargain purchase					9,428
Investment income on financial assets at FVTPL					55,746
Investment income on other financial assets at amortised cost					2,955
Unallocated interest and investment income					11,641
Unallocated impairment losses on financial assets, net					241
Equity-settled share-based payment expense					(8,721)
Unallocated finance costs					(14,947)
Foreign exchange differences, net					44,314
Unallocated share of losses of associates					(151)
Other unallocated income					2,161
Other unallocated administrative expenses					(113,222)
Other unallocated expenses					(285)
Profit before tax					418,185

Year ended 31 December 2019	Consolidated hospitals <i>RMB'000</i>	Unconsolidated hospitals <i>RMB'000</i>	IOT/OT hospitals <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
External revenues					
General healthcare services	721,055	—	—	—	721,055
Hospital management services	—	134,029	98,600	—	232,629
Third-party supply chain service fees	23,077	100,164	91,610	—	214,851
GPO business	—	191,919	716,891	—	908,810
Other hospital-derived services	—	—	—	37,975	37,975
Inter-segment revenue					
GPO business	199,867	—	—	—	199,867
Other hospital-derived services	475	—	—	661	1,136
Segment revenue	944,474	426,112	907,101	38,636	2,316,323
Eliminations	(200,342)	—	—	(661)	(201,003)
Consolidated revenue	744,132	426,112	907,101	37,975	2,115,320
Segment cost	(551,995)	(173,902)	(607,856)	(19,276)	(1,353,029)
Other income	1,655	—	10,206	4,584	16,445
Other losses	(790)	—	—	—	(790)
Selling and distribution expenses	(2,412)	(4,389)	(8,924)	(25)	(15,750)
Administrative expenses	(65,043)	(6,715)	(20,298)	(7,059)	(99,115)
Other expenses	(836)	—	—	(1,125)	(1,961)
Segment results	124,711	241,106	280,229	15,074	661,120
Fair value losses on financial assets at FVTPL					(13,491)
Dividend income on a financial asset at FVTPL					525
Loss on liquidation of an associate					(118)
Investment income on financial assets at FVTPL					44,279
Unallocated interest and investment income					10,499
Impairment losses on financial assets, net					(1,577)
Equity-settled share-based payment expense					(13,083)
Finance costs					(16,942)
Foreign exchange differences, net					(12,158)
Share of profit of a joint venture					4,502
Share of profits of associates					144
Other unallocated income					3,522
Other unallocated losses					(5)
Other unallocated administrative expenses					(125,621)
Other unallocated expenses					(297)
Profit before tax					541,299

Segment assets and liabilities

	Consolidated hospitals RMB'000	Unconsolidated hospitals RMB'000	IOT/OT hospitals RMB'000	Others RMB'000	Total RMB'000
As at 31 December 2020					
Segment assets	<u>1,507,956</u>	<u>2,026,513</u>	<u>731,302</u>	<u>70,173</u>	<u>4,335,944</u>
Goodwill					1,471,868
Financial assets at FVTPL					198,014
Other financial assets at amortised cost					265,022
Cash and cash equivalents and pledged deposits					2,718,824
Corporate and other unallocated assets					270,755
Elimination of inter-segment receivables					<u>(297,234)</u>
Total assets					<u><u>8,963,193</u></u>
Segment liabilities	<u>1,025,537</u>	<u>217,659</u>	<u>22,602</u>	<u>71,324</u>	<u>1,337,122</u>
Interest-bearing bank borrowings					684,301
Corporate and other unallocated liabilities					898,550
Elimination of inter-segment payables					<u>(297,234)</u>
Total liabilities					<u><u>2,622,739</u></u>
	Consolidated hospitals RMB'000	Unconsolidated hospitals RMB'000	IOT/OT hospitals RMB'000	Others RMB'000	Total RMB'000
As at 31 December 2019					
Segment assets	<u>466,364</u>	<u>2,590,291</u>	<u>868,644</u>	<u>67,021</u>	<u>3,992,320</u>
Goodwill					1,463,611
Investments in associates					151
Financial assets at FVTPL					358,254
Other financial assets at amortised cost					25,114
Cash and cash equivalents					2,006,220
Corporate and other unallocated assets					231,614
Elimination of inter-segment receivables					<u>(203,303)</u>
Total assets					<u><u>7,873,981</u></u>
Segment liabilities	<u>201,285</u>	<u>258,791</u>	<u>10,108</u>	<u>59,570</u>	<u>529,754</u>
Interest-bearing bank borrowings					578,337
Corporate and other unallocated liabilities					829,018
Elimination of inter-segment payables					<u>(203,303)</u>
Total liabilities					<u><u>1,733,806</u></u>

Geographical information

(a) Revenue from external customers

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Mainland China/the PRC	<u>2,750,650</u>	<u>2,115,320</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

The Group's operations are located in the PRC and substantially all of the Group's non-current assets are located in the PRC.

4. REVENUE

An analysis of revenue is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue from contracts with customers	<u>2,750,650</u>	<u>2,115,320</u>

Revenue from contracts with customers

Disaggregated revenue information

For the year ended 31 December 2020

	General health-care services RMB'000	Hospital management services RMB'000	GPO business RMB'000	Other hospital- derived services RMB'000	Elimination RMB'000	Total RMB'000
Types of goods or services						
General healthcare services						
In-patient	763,313	—	—	—	—	763,313
Out-patient	880,307	—	—	—	—	880,307
	<u>1,643,620</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,643,620</u>
Hospital management services						
From consolidated hospitals	—	58,957	—	—	(58,957)	—
From unconsolidated hospitals	—	47,889	—	—	—	47,889
From IOT hospitals	—	21,717	—	—	—	21,717
From an OT hospital	—	9,295	—	—	—	9,295
From third party suppliers (note)	—	180,286	—	—	—	180,286
	<u>—</u>	<u>318,144</u>	<u>—</u>	<u>—</u>	<u>(58,957)</u>	<u>259,187</u>
GPO business						
From consolidated hospitals	—	—	184,404	—	(184,404)	—
From unconsolidated hospitals	—	—	163,267	—	—	163,267
From IOT hospitals	—	—	658,123	—	—	658,123
From an OT hospital	—	—	118	—	—	118
	<u>—</u>	<u>—</u>	<u>1,005,912</u>	<u>—</u>	<u>(184,404)</u>	<u>821,508</u>
Other hospital-derived services						
	<u>—</u>	<u>—</u>	<u>—</u>	<u>33,510</u>	<u>(7,175)</u>	<u>26,335</u>
Total	<u>1,643,620</u>	<u>318,144</u>	<u>1,005,912</u>	<u>33,510</u>	<u>(250,536)</u>	<u>2,750,650</u>
Timing of revenue recognition						
A point in time	880,307	—	1,005,912	33,510	(191,579)	1,728,150
Over time	763,313	318,144	—	—	(58,957)	1,022,500
	<u>880,307</u>	<u>318,144</u>	<u>1,005,912</u>	<u>33,510</u>	<u>(191,579)</u>	<u>1,728,150</u>
Total	<u>1,643,620</u>	<u>318,144</u>	<u>1,005,912</u>	<u>33,510</u>	<u>(250,536)</u>	<u>2,750,650</u>

For the year ended 31 December 2019

	General health-care services RMB'000	Hospital management services RMB'000	GPO business RMB'000	Other hospital- derived services RMB'000	Elimination RMB'000	Total RMB'000
Types of goods or services						
General healthcare services						
In-patient	297,784	—	—	—	—	297,784
Out-patient	423,271	—	—	—	—	423,271
	<u>721,055</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>721,055</u>
Hospital management services						
From unconsolidated hospital	—	134,029	—	—	—	134,029
From IOT hospitals	—	92,940	—	—	—	92,940
From an OT hospital	—	5,660	—	—	—	5,660
From third party suppliers (note)	—	214,851	—	—	—	214,851
	<u>—</u>	<u>447,480</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>447,480</u>
GPO business						
From consolidated hospitals	—	—	199,867	—	(199,867)	—
From unconsolidated hospitals	—	—	191,919	—	—	191,919
From IOT hospitals	—	—	716,891	—	—	716,891
	<u>—</u>	<u>—</u>	<u>1,108,677</u>	<u>—</u>	<u>(199,867)</u>	<u>908,810</u>
Other hospital-derived services						
	<u>—</u>	<u>—</u>	<u>—</u>	<u>39,111</u>	<u>(1,136)</u>	<u>37,975</u>
Total	<u>721,055</u>	<u>447,480</u>	<u>1,108,677</u>	<u>39,111</u>	<u>(201,003)</u>	<u>2,115,320</u>
Timing of revenue recognition						
A point in time	423,271	—	1,108,677	39,111	(201,003)	1,370,056
Over time	297,784	447,480	—	—	—	745,264
Total	<u>721,055</u>	<u>447,480</u>	<u>1,108,677</u>	<u>39,111</u>	<u>(201,003)</u>	<u>2,115,320</u>

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest and investment income on:		
Financial assets at FVTPL	55,746	44,279
Other financial assets at amortised cost	2,955	—
Receivables from IOT hospitals	9,588	10,206
Bank deposits	9,613	8,124
Loan to a Sponsored Hospital	2,028	2,375
Dividend income on a financial asset at FVTPL	2,618	525
Government grants	3,772	—
Others	17,990	9,761
	<u>104,310</u>	<u>75,270</u>

6. OTHER GAINS AND LOSSES, NET

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Gain on bargain purchase	9,428	—
Gain on lease termination	341	—
Gain on lease modification	15	—
Fair value losses on financial assets at FVTPL	(25,140)	(13,491)
Foreign exchange differences, net	44,314	(12,158)
Loss on disposal of items of property, plant and equipment, net	—	(795)
Loss on liquidation of an associate	—	(118)
	<u>28,958</u>	<u>(26,562)</u>

7. PROFIT BEFORE TAX

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cost of inventories sold	1,469,284	1,094,564
Depreciation of property, plant and equipment	86,572	38,983
Depreciation of right-of-use assets	18,913	5,911
Amortisation of intangible assets (included in cost of sales)	7,897	18,750
Total depreciation and amortisation	<u>113,382</u>	<u>63,644</u>
Impairment of trade receivables, net	20,432	781
Impairment/(reversal of impairment) of financial assets included in prepayments, deposits and other receivables	(495)	794
Impairment of amounts due from related parties	<u>—</u>	<u>2</u>

8. INCOME TAX

The PRC enterprise income tax has been provided at the rate of 25% (2019: 25%) on the estimated assessable income arising in the PRC during the year. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2019: Nil).

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current — Mainland China		
Charge for the year	99,138	139,321
Overprovision in prior years	(867)	(116)
Deferred	<u>(407)</u>	<u>1,460</u>
Total tax charge for the year	<u>97,864</u>	<u>140,665</u>

9. DIVIDENDS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Dividend recognised as distribution during the year:		
Final 2019 — HK10 cents (2018: HK12 cents) per ordinary share	119,218	136,767
Less: Dividend for shares held under the Share Award Scheme	<u>(4,126)</u>	<u>(5,280)</u>
	<u>115,092</u>	<u>131,487</u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period: Proposed final 2020 — HK8.82 cents (2019: HK10 cents) per ordinary share	<u>114,367</u>	<u>129,668</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Earnings		
Profit for the year attributable to ordinary equity holders of the parent for the purpose of the basic and diluted earnings per share calculation	<u>310,131</u>	<u>390,865</u>

	Number of shares	
	2020 <i>'000</i>	2019 <i>'000</i>

Shares

Weighted average number of ordinary shares in issue during the year for the purpose of the basic earnings per share calculation	1,255,930	1,253,291
Effect of dilution — weighted average number of ordinary shares: Shares awarded under the Share Award Scheme	<u>5,140</u>	<u>1,495</u>
Weighted average number of ordinary shares in issue during the year for the purpose of the diluted earnings per share calculation	<u>1,261,070</u>	<u>1,254,786</u>

The weighted average number of shares used for the purpose of calculating the basic and diluted earnings per share for the years ended 31 December 2020 and 2019 has been arrived at after adjusting the effect of shares repurchased and held under the Share Award Scheme.

11. TRADE AND BILLS RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables		
— public health insurance programs and social organisations for medical services	214,361	—
— other customers	429,319	619,453
Bills receivables	400	—
Impairment	<u>(25,977)</u>	<u>(755)</u>
	<u>618,103</u>	<u>618,698</u>

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

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 1 year	540,565	552,411
1 to 2 years	75,382	66,238
2 to 3 years	<u>2,156</u>	<u>49</u>
	<u>618,103</u>	<u>618,698</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 goods, is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 60 days	347,108	170,322
61 to 180 days	186,274	62,657
Over 180 days	<u>30,743</u>	<u>8,324</u>
	<u>564,125</u>	<u>241,303</u>

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

13. BUSINESS COMBINATIONS

During the year, the Group had following events/transactions which constituted business combinations in accordance with IFRS 3 (Revised) “Business Combinations” (“IFRS 3 (Revised)”).

- (a) On December 3, 2019, the Group entered into an agreement with China National Zhong Qi Group Co., Ltd. (中國重型汽車集團有限公司) (“CNHTC”), pursuant to which (i) a company, Jinan Zhong Qi Hospital Company (“Jinan Zhong Qi Hospital”), would be established and held as to 75% by the Group and 25% by CNHTC; and (ii) cash of RMB254,235,300 and the hospital-related assets (e.g., sponsorship right, land use right, buildings and medical equipment of a hospital in Jinan, the PRC, etc.) would be contributed into Jinan Zhong Qi Hospital by the Group and CNHTC, respectively. Immediately after the completion of transactions on March 30, 2020, Jinan Zhong Qi Hospital became a subsidiary of the Group.
- (b) On May 2, 2020, the articles of association of Huaibei Miner General Hospital (“Huaikuang Hospital”) were amended. Having considered the power of the Group based on the amended articles of association together with the relevant service contract entered into by the Group and Huaikuang Hospital, in the opinion of the directors, the Group has obtained the practical ability to direct the relevant activities of Huaikuang Hospital unilaterally and control over Huaikuang Hospital since the effective date of the amended articles of association on May 2, 2020. Accordingly, the assets and liabilities of Huaikuang Hospital were consolidated in the Group’s financial statements thereafter.

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

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

Prior to the business combination, the Group was the sponsor of the Run Neng Hospitals and the sponsorship rights and service contracts held by the Group were recognised as other intangible assets. Accordingly, the sponsorship rights and service contracts with an aggregate carrying amount of RMB116,177,000 formed the consideration for the business combination.

The major assets acquired through these business combinations include, amongst others, property, plant and equipment, right-of-use assets, financial assets at FVTPL, trade and bills receivables, and cash and cash equivalents. Accordingly, the Group has recognised identifiable net assets of RMB939,576,000, goodwill of RMB8,257,000 and gain on bargain purchase of RMB9,428,000 in accordance with IFRS 3 (Revised).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The consolidated revenue of the Group for the year ended December 31, 2020 amounted to RMB2.751 billion (FY2019: RMB2.115 billion), and such an increase is mainly attributable to the acquisition of Jinan Zhong Qi Hospital and consolidation of certain other hospitals. Please refer to the section headed “Consolidating Certain Hospitals” below for further details; net profit for the period amounted to RMB320 million (FY2019: RMB401 million). Earnings per share of the Company amounted to RMB0.25 (FY2019: RMB0.31). Such decrease as compared with the prior year was mainly due to the drop in number of visits to our member hospitals as affected by the COVID-19 epidemic during the Reporting Period, especially in the first quarter.

As of December 31, 2020, the Group managed and operated a total of 107 medical institutions in 9 provinces and cities in the PRC. The number of outpatient and inpatient visits of our in-network hospitals were approximately 7,706,000 and 220,000, respectively. Although the acquisition of Jinan Zhong Qi Hospital has been completed, the total revenue from medical business of our member hospitals recorded approximately RMB6.644 billion during the Reporting Period which represents a year-on-year decrease of 3.3% as affected by the COVID-19 epidemic. However, business operations have been significantly recovering since May 2020.

The COVID-19 Outbreak

During the outbreak of the epidemic, Wugang Hospital and Wuhan Iron and Steel (Group) Corporation No. 2 Staff Hospital are at the forefront of disease combat and control, which focusing on the in-house work while providing assistance to other medical institutes in Wuhan City including Wuhan Jinyintan Hospital and certain mobile cabin hospitals at the same time. Its three community healthcare clinics are responsible to provide medical consultation for close contacts of COVID-19 patients and transferring suspected patients. In addition, other member medical institutes of CR Medical in Beijing, Jiangsu, Shandong, Anhui, Guangdong and Guangxi are also actively undertaking the anti-epidemic work under the unified deployment of the local health commissions. Huaikuang Hospital, the Second Hospital of Shunyi District of Beijing, Mentougou District Hospital of Beijing, and the Tai’an City Hospital were designated by the local government as the designated hospitals for admitting and treating COVID-19 patients, and have received government commendation awards. 15 affiliated hospitals of the Group had set up fever clinics or participated in the community prevention and control work in the corresponding regions, and the screening of fever patients and has become an important force in community prevention and control. In addition, the synergy advantages of China Resources Group had great support to the supply chain management department of CR Medical, and the latter has also immediately established an emergency supply team in launching an emergency procurement plan, contacting various sources for medical material procurement and donations, and effectively ensure

sufficient supply of prevention and control materials to our member institutes in different regions in the situation of tight supply. During the COVID-19 epidemic, CR Medical made effective use of the three-dimensional anti-epidemic model of “Wuhan frontline + designated hospitals in various regions + fever clinics & community prevention + promising group supply chain”, taking an importing role and taking great responsibility in virus fighting as a social capital medical group.

Regarding our resumption of normal operation and business recovery, our member medical institutes have implemented graded and accurate resumption of production. During the epidemic, the member hospital management team and all medical staff postponed their leave and were all on duty. CR Medical formulated a phased resumption arrangement according to locations of different risk levels since February 2020, and all institutes have basically resumed normal operation by the end of March 2020. During the year, the number of visits to member hospitals was affected by the epidemic which caused the total number of inpatient and outpatient visits to our member hospitals to decrease by 12.9% and 12.2%, respectively. Yet we believe that the impact of the epidemic on our business is temporary. The number of patients of our hospital has rebounded significantly in May 2020. Since June 2020, the business operation and medical income of our member hospitals have basically resumed to the normal level when compared with the prior year.

Consolidating Certain Hospitals

During the year, the Group has completed the acquisition of Jinan Zhong Qi Hospital and gradually consolidated certain other hospitals. Among which, Jinan Zhong Qi Hospital has completed its for-profit reform in early 2020, and its financial statements have been consolidated into the Group’s financial statements since April 2020. The Group has also completed the acquisition of the remaining equity interest in Jinan Zhong Qi Hospital in the third quarter of 2020.

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

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

Province/City	Grade III Hospitals	Grade II Hospitals	Grade I Hospitals and Community Centres	Clinics & Other Medical Institutions	Total
Beijing	1	5	11	29	46
Hebei	—	1	—	—	1
Shandong ⁽¹⁾⁽²⁾	—	3	—	—	3
Shanxi	—	1	—	—	1
Jiangsu	—	1	—	—	1
Anhui	1	6	16	6	29
Hubei	2	—	3	15	20
Guangdong	1	1	—	2	4
Guangxi	—	1	1	—	2
Total	<u>5</u>	<u>19</u>	<u>31</u>	<u>52</u>	<u>107</u>

Notes:

- (1) Jinan Zhong Qi Hospital completed its reform to for-profit nature during the Reporting Period and its financial statements have been consolidated to the consolidated financial statements of the Group since April 2020.
- (2) Pursuant to the hospital operation and management agreement which was entered into between the Group, Shandong Yantai Zhifu Health Bureau* (山東省煙台市芝罘區衛生健康局) and Yantai Zhifu Hospital* (煙台芝罘醫院) dated December 30, 2020, the Group provides operation and management services to Yantai Zhifu Hospital for a cooperation term of 20 years.

Operating data for Year 2020

	Number of beds in operation	Utilization rate of beds	Number of patients		Revenue from medical business (RMB'000)			Total
			Number of outpatients	Number of inpatients	Revenue from outpatient visits	Revenue from inpatient visits	Revenue from physical examination	
Self-owned Hospitals ^(Note)	7,481	67%	4,246,313	164,343	1,606,092	2,291,121	90,293	3,987,506
IOT/OT Hospitals	3,484	60%	3,459,692	55,415	1,591,639	1,011,990	52,717	2,656,346
Subtotal	<u>10,965</u>	<u>65%</u>	<u>7,706,005</u>	<u>219,758</u>	<u>3,197,731</u>	<u>3,303,111</u>	<u>143,010</u>	<u>6,643,852</u>

Operating data for Year 2019

	Number of beds in operation	Utilization rate of beds	Number of patients		Revenue from medical business (RMB'000)			Total
			Number of outpatients	Number of inpatients	Revenue from outpatient visits	Revenue from inpatient visits	Revenue from physical examination	
Self-owned Hospitals ^(Note)	7,074	72%	4,732,255	191,336	1,568,840	2,564,045	66,724	4,199,609
IOT/OT Hospitals	3,148	75%	4,048,660	61,032	1,581,933	1,043,594	43,667	2,669,194
Subtotal	<u>10,222</u>	<u>73%</u>	<u>8,780,915</u>	<u>252,368</u>	<u>3,150,773</u>	<u>3,607,639</u>	<u>110,391</u>	<u>6,868,803</u>

Note: In respect of the operating data statistics, the abovementioned self-owned hospitals refer to all consolidated hospitals and unconsolidated hospitals of the Group, and except for the IOT/OT hospitals managed by the Group.

Financial data

Financial data for Year 2020

RMB'000	Total	Segment results				Administrative expenses	Other gains and expenses
		Consolidated Hospitals	Unconsolidated Hospitals	IOT/OT hospitals	Other derived businesses		
Revenue from goods and services	2,750,650	1,674,696	288,763	760,856	26,335	—	—
Cost of sales and services	(2,114,143)	(1,379,012)	(148,670)	(566,051)	(20,410)	—	—
Other income	29,189	14,075	—	9,588	5,526	—	—
Other gains and losses	356	356	—	—	—	—	—
Selling and distribution expenses	(14,201)	(2,639)	(3,641)	(7,921)	—	—	—
Administrative expenses	(201,821)	(151,255)	(6,551)	(33,641)	(10,374)	—	—
Finance costs	(2,444)	(2,422)	—	—	(22)	—	—
Impairment losses on financial assets, net	(20,178)	(18,258)	—	(1,920)	—	—	—
Impairment losses on other intangible assets	(3,588)	—	—	(3,588)	—	—	—
Other expenses	(7,392)	(7,173)	—	—	(219)	—	—
Share of profit of joint ventures/associates	35,119	—	1,072	34,047	—	—	—
Segment results	451,547	128,368	130,973	191,370	836	N/A	N/A
Headquarters operating expenses	(121,943)	—	—	—	—	(121,943)	—
Other profit or loss	103,679	—	—	—	—	—	103,679
Finance costs	(14,947)	—	—	—	—	—	(14,947)
Share of profit of associates	(151)	—	—	—	—	—	(151)
Income tax	(97,864)	—	—	—	—	—	(97,864)
Net profit or loss	320,321	128,368	130,973	191,370	836	(121,943)	(9,283)
Revenue from medical business	6,643,852	1,643,620	2,343,886	2,656,346	—	N/A	N/A

Notes:

During the Reporting Period:

- (1) Consolidated hospitals include: Jian Gong Hospital, Jinan Zhong Qi Hospital (since April 2020), Huaikuang Hospital Group (since May 2020) and the Run Neng Hospitals (since June 2020).
- (2) Unconsolidated hospitals include: Guangdong 999 Brain Hospital, Huaibei City Mental Health Center (since January 2020), Xukuang Hospital, Wugang Hospital Group, Jinan Zhong Qi Hospital (January 2020 to March 2020), Huaikuang Hospital Group (January 2020 to April 2020) and the Run Neng Hospitals (January 2020 to May 2020).

(3) IOT hospitals include: Jing Mei Hospital Group, Mentougou Hospital, Mentougou Traditional Chinese Medicine Hospital, Mentougou Hospital for Women and Children, Shunyi District Kongsang Hospital, the Second Hospital of Shunyi District and Baoding Third Center Hospital.

(4) OT hospitals include: Tai'an City Hospital and Yantai Zhifu Hospital.

Financial data for Year 2019

<i>RMB'000</i>	Total	Segment results				Administrative expenses	Other gains and expenses
		Consolidated Hospitals	Unconsolidated Hospitals	IOT/OT Hospitals	Other derived businesses		
Revenue from goods and services	2,115,320	744,132	426,112	907,101	37,975	—	—
Cost of sales and services	(1,353,029)	(551,995)	(173,902)	(607,856)	(19,276)	—	—
Other income	16,445	1,655	—	10,206	4,584	—	—
Other gains and losses	(790)	(790)	—	—	—	—	—
Selling and distribution expenses	(15,750)	(2,412)	(4,389)	(8,924)	(25)	—	—
Administrative expenses	(99,115)	(65,043)	(6,715)	(20,298)	(7,059)	—	—
Other expenses	(1,961)	(836)	—	—	(1,125)	—	—
Segment results	661,120	124,711	241,106	280,229	15,074	—	—
Headquarters operating expenses	(138,704)	—	—	—	—	(138,704)	—
Other profit or loss	31,179	—	—	—	—	—	31,179
Finance costs	(16,942)	—	—	—	—	—	(16,942)
Share of profit of joint ventures/associates	4,646	—	—	—	—	—	4,646
Income tax	(140,665)	—	—	—	—	—	(140,665)
Net profit or loss	400,634	124,711	241,106	280,229	15,074	(138,704)	(121,782)
Revenue from medical business	6,868,803	721,055	3,478,554	2,669,194	—	N/A	N/A

SEGMENT RESULTS

In 2020, the aggregated results of all segments amounted to about RMB452 million, which decreased by approximately 31.7% as compared with the previous year, and is mainly due to the fact that the number of visits to our member hospitals was affected by the COVID-19 epidemic with the total number of inpatient and outpatient visits to our member hospitals during the Reporting Period decreased respectively by 12.9% and 12.2%, resulting in the decrease of the medical income of the member hospitals as well as their contributed profits to the Group. Please refer to the section headed “Business Review — COVID-19 Outbreak” of this announcement for further details of the Group’s measures to COVID-19 epidemic and the corresponding analysis.

As the corresponding constitutional documents of the hospitals have been amended, results of Huaikuang Hospital and the Run Neng Hospitals have been consolidated to the Group since May and June 2020, respectively. Please find more details in the section headed “Business Review — Consolidating Certain Hospitals” of this announcement. According to the abovementioned changes in the consolidation arrangement in our financial statements, during the Reporting Period, our financial results have been classified in three segments which are Consolidated Hospitals, Unconsolidated Hospitals and IOT/OT Hospitals.

Segment Results — Consolidated Hospitals

During the Reporting Period, the medical business revenue of the consolidated hospital segment increased by 127.9% year-on-year to approximately RMB1.644 billion, and the segment results recorded an increase of 2.9% to approximately RMB128 million, which is mainly due to the satisfactory recovery of the operation of the Huaikuang Hospital Group and Jinan Zhong Qi Hospital especially in the second half of 2020.

Since Jinan Zhong Qi Hospital has completed its for-profit reform during the Reporting Period, its financial statements have been consolidated into the Group’s condensed financial statements since April 2020. Its contribution in respect of medical business revenue was RMB191 million. In addition, the financial results of the Huaikang Hospital Group and the Run Neng Hospitals have also been consolidated to the Group respectively since May and June 2020, which respectively contributed RMB510 million and RMB328 million in terms of revenue of medical services during the Reporting Period.

	2020	2019	Year-on-Year Change	
Consolidated Hospitals	RMB’000	RMB’000	RMB’000	Percentage
Revenue from medical business	1,643,620	721,055	922,565	127.9%
General healthcare services performance	72,271	64,033	8,238	12.9%
Third-party supply chain service fees	31,076	23,077	7,999	34.7%
GPO gross profit	38,485	41,155	(2,670)	-6.5%
Profit contribution	141,832	128,265	13,567	10.6%
Profit contribution margin	8.6%	17.8%	-9.2ppt	
Operating expenses and other profit or loss	(13,464)	(3,554)	(9,910)	278.8%
Segment results	128,368	124,711	3,657	2.9%
Segment profit margin	7.8%	17.3%	-9.5ppt	

Segment Results — Unconsolidated Hospitals

During the Reporting Period, the overall medical business revenue of the unconsolidated hospital segment decreased by 32.6% year-on-year to approximately RMB2.344 billion, while segment profit recorded a year-on-year decrease of 45.7% to approximately RMB131 million, attributable to above-mentioned changes in the consolidation arrangement of the Huaikuang Hospital Group and the Run Neng Hospitals during the Reporting Period, and also the impact of COVID-19 outbreak on the corresponding hospitals in the first quarter of 2020.

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

Unconsolidated Hospitals	2020	2019	Year-on-Year Change	
	RMB'000	RMB'000	RMB'000	Percentage
Revenue from medical business	2,343,886	3,478,554	(1,134,668)	-32.6%
Hospital management services fees	47,889	134,029	(86,140)	-64.3%
Third-party supply chain service fees	77,607	100,164	(22,557)	-22.5%
GPO gross profit	17,608	19,365	(1,757)	-9.1%
Profit contribution	143,104	253,558	(110,454)	-43.6%
Profit contribution margin	6.1%	7.3%	-1.2ppt	
Operating expenses and other profit or loss	(12,131)	(12,452)	321	-2.6%
Segment results	130,973	241,106	(110,133)	-45.7%
Segment profit margin	5.6%	6.9%	-1.3ppt	

Segment Results — IOT/OT Hospitals

The revenue from medical business of the IOT/OT hospital segment remains at a similar level when compared with the prior year while this segment recorded a year-on-year decrease of 31.7% in its results. China Resources Hospital Holdings Company Limited (“**CR Hospital Holdings**”), a wholly-owned subsidiary of the Company, entered into the restructuring agreement with Jing Mei Group in respect of Jing Mei Hospital and its branches and pursuant to which CR Hospital Holdings and Jing Mei Group agreed to establish a sponsorship joint venture and a management joint venture. Such joint ventures shall be owned as to 49% by CR Hospital Holdings and 51% by Jing Mei Group. The contract parties also agreed that Jing Mei Group, the management joint venture and Jing Mei Hospital shall enter into a new OT agreement on terms similar to the original IOT agreement in order to replace the latter, and pursuant to which the

management joint venture shall provide hospital management services to the Jing Mei Hospital Group and receive management fee income accordingly. The abovementioned original IOT agreement shall then be terminated with retrospective effect from December 31, 2019, whilst the new OT agreement shall retrospectively become effective on January 1, 2020. For further details of the restructuring agreement of Jing Mei Hospital, please refer to the section headed “Other information — Restructuring Agreement of Jing Mei Hospital” to this announcement. Based on the abovementioned arrangement, during the Reporting Period, the results of our sponsorship joint venture and management joint venture with Jing Mei Group which are attributable to the Group have been recorded in the IOT/OT Hospitals Segment.

IOT/OT hospitals	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	Year-on-Year Change	
			<i>RMB'000</i>	<i>Percentage</i>
Revenue from medical business	2,656,346	2,669,194	(12,848)	-0.5%
Hospital management services fees	65,058	98,600	(33,542)	-34.0%
Third-party supply chain service fees	71,603	91,610	(20,007)	-21.8%
GPO gross profit	127,456	142,572	(15,116)	-10.6%
Profit contribution	264,117	332,782	(68,665)	-20.6%
Profit contribution margin	9.9%	12.5%	-2.5ppt	
Operating expenses and other profit or loss	(72,747)	(52,553)	(20,194)	38.4%
Segment results	191,370	280,229	(88,859)	-31.7%
Segment profit margin	7.2%	10.5%	-3.3ppt	

Segment Results — Other derived businesses

During the year, the segment results of the other derived businesses of the Group was approximately RMB0.836 million. It was about 94.5% lower than 15.07 million in the previous year. Such decrease was mainly due to the significant reduction in business scale of consultation business, physician companies and clinic network due to the impact of COVID-19 epidemic.

HEADQUARTERS OPERATING EXPENSES

The total operating expenses of the headquarters amounted to approximately RMB122 million in 2020 (FY2019: RMB139 million), accounting for 37.7% of the total administrative expenses of the Group (FY2019: 58.4%) and such a decrease was mainly due to implementation of new government policies which reduce the cost of social security fee as well our intent reduction of operating expenses during the epidemic.

OTHER PROFIT OR LOSS

During the Reporting Period, other profit or loss of the Group totaled approximately RMB104 million (FY2019: RMB31.18 million), and such an increase was mainly due to the foreign exchange gain as well as the increase in our interest income of the bank deposit.

FINANCE COSTS

During the Reporting Period, the unallocated finance costs of the Group amounted to approximately RMB14.95 million (FY2019: RMB16.94 million), which was mainly due to the decrease in interest rate of our loans.

INCOME TAX EXPENSES

During the Reporting Period, the Group's income tax expenses amounted to RMB97.86 million (FY2019: RMB141 million). The effective income tax rate of the Group's recurring business was 23.4% (FY2019: 26.0%).

NET PROFIT

The performance of the Group's hospitals during the Reporting Period was affected by the COVID-19 epidemic. The Group recorded a net profit of RMB320 million, representing a year-on-year decrease of approximately 20.0%. However, the impact of the epidemic on the business of the Group is temporary.

SPONSORSHIP RIGHTS, SERVICE CONTRACTS AND GOODWILL

Pursuant to International Accounting Standards 38, an intangible asset shall be regarded by the entity as having an indefinite useful life when based on an analysis of all of the relevant factors, and there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The Group has considered the following factors and concluded that the Group has the ability to renew the service contracts of Xukuang Hospital Group, Huaibei City Mental Health Center and 999 Brain Hospital ("**Service Contracts**", and each of the hospitals, the "**Sponsored Hospital**") through the sponsorship rights, and it is appropriate to classify the sponsorship rights and service contracts as the intangible assets of the Group of infinite useful life:

1. The sponsors of the Sponsored Hospitals are subsidiaries of the Group;
2. The rights and obligations of the sponsors as stipulated in the articles of associations of each Sponsored Hospitals include, among others, (i) access to the operation status and financial reports of the Sponsored Hospitals, (ii) recommending members to the executive committee which is the highest authority of the Sponsored Hospitals; and

3. According to the articles of association of Xukuang Hospital Group, 999 Brain Hospital and also Wugang Hospital, their respective executive committee comprises three members recommended by the sponsor, one member elected by the employees and one member who is the chairman of the labor union of the relevant hospital. Executive committee has the absolute right in renewal of the Service Contracts with the relevant resolution to be approved by simple majority vote of the executive committee.

Management of the Company performed impairment reviews of sponsorship rights, service contracts and goodwill annually or more frequently if events or changes in circumstances indicated a potential impairment. The recoverable amounts of the abovementioned sponsorship rights, service contracts and goodwill were determined based on the fair value under income approach less costs of disposal. These calculations required the use of estimates and professional judgements, and management of the Company involved an external valuer in these calculations. Based on the management's assessment, no impairment was required on the abovementioned sponsorship rights and service contracts and goodwill as at December 31, 2020.

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

Investment in UMP Healthcare Holdings

UMP Healthcare Holdings, listed on the Main Board of The Stock Exchange (Stock code 722.HK), is mainly engaged in providing healthcare solutions and service in Hong Kong. Details of investment in UMP Healthcare Holdings have been disclosed in the Company's annual reports in prior years. Pursuant to the relevant accounting standards, the Company has categorized the investment in UMP Healthcare Holdings as financial assets at fair value through profit or loss. As at December 31, 2020, the fair value of our investment in UMP Healthcare Holdings was approximately RMB92.72 million.

Future Plans for Material Investment or Capital Assets

Save for the capital requirements in respect of the involvement in the reform of Jing Mei Hospital Group, the Directors confirmed that, as at the date of this announcement, there are currently no concrete plans to acquire any material investment or capital assets other than those conducted in the Group's ordinary course of business.

FUTURE OUTLOOK

Starting from 2021, the first year of the “14th Five-Year Plan” of development of the country, we will focus on our core business in provision of medical services, whilst continue to strengthen our advantageous specialties and transforming certain institutes to specialty chain clusters at the same time. In terms of our business development, we will take specialty chain hospitals and general hospitals as our two wings, and geographically we will focus on the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Greater Bay Area, and also certain key cities in China, and make use of the energy of capital market and our highly commercialized operation as the strong motors in building our development model which linked up the medical service business and the capital operations. In respect of our specialty development, we will continue to implement the strategic policy of strengthening clinical practice, incubating chain hospitals, and shaping our brand, leveraging the advantages of CR Medical’s advantageous disciplines, and by integrating existing hospitals and expanding incremental hospitals to cultivate six discipline clusters covering cardiovascular, encephalopathy, orthopedics, rehabilitation, gastroenterology and oncology in order to strengthen our core competitive advantages and our brand name in these disciplines. Regarding our general hospitals, our strategy is the transformation to the status of “major specialties and strong general practice”, and continue to improve specialties based on the existing advantageous ones, further enhance the operation system of our general hospitals and improve the operation efficiency. CR Medical will continue to uphold the enterprise mission of “benefit all with benevolence and competence”, and aim at becoming a renowned and competent medical group in China.

FINANCIAL REVIEW

Liquidity and Financing

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

As at December 31, 2020, the Group’s consolidated bank balances and cash, certificate of deposit and bank financial products amounted to approximately RMB3.09 billion in total (December 31, 2019: approximately RMB2.276 billion) which were primarily in RMB.

As at December 31, 2020, the Group has obtained offshore revolving term loan facility of HK\$3.8 billion (or its equivalent in U.S. dollar or Renminbi). Among which, HK\$3 billion of the facilities is with no fixed term until further notice by the corresponding bank, whilst the remaining HK\$800 million is of the term of one year which shall be automatically renewed if the relevant bank does not notify otherwise. In addition, a consolidated hospital of the Group has also obtained from a bank in mainland a one-year loan facility of RMB15 million. As at December 31, 2020, the Group had interest-bearing bank borrowings of HK\$799 million and RMB12 million (equivalent to approximately RMB684 million) (December 31, 2019: HK\$646 million (equivalent to approximately RMB578 million)), and unutilized bank facilities of HK\$3.0 billion and RMB3 million (equivalent to approximately RMB2.529 billion). As at December 31, 2020, the Group's offshore bank borrowings carried interests at floating rates whilst its onshore bank borrowings carried interests at fixed rate of 2.9% per annum, and all of them would be due within one year. As at December 31, 2020, the Group's amounts payable to the sponsored hospitals of the Group amounted to RMB218 million (December 31, 2019: RMB256 million).

As at December 31, 2020, on the basis of interest-bearing liabilities (excluding payables to hospitals sponsored by the Group) divided by total assets, the Group's gearing ratio was 7.6% (December 31, 2019: 7.3%). In addition, the carrying value of each of our wealth management products as at December 31, 2020 did not exceed 5% of the Group's total asset value.

Exposure to Fluctuation in Exchange Rates and Other Risks

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

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

We are also exposed to risk of talent shortage, so we have been taking an active approach to attract, train and retain sufficient qualified doctors, management personnel and other medical staff members, otherwise the business of hospitals affiliated to the Group would be affected to some degree. Please refer to the paragraph headed "Employees and Remuneration Policy" for those measures mentioned above.

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

Contingent Liabilities

As at December 31, 2020, the Group did not have any contingent liabilities or guarantees that would have a material impact on the financial position or operations of the Group.

Pledge of Assets

As of December 31, 2020, the Group did not have any material pledge of assets.

Subsequent Events

Entering into of the hospital management agreement with a connected person

Hubei Runkang Healthcare Management Co., Ltd. (“**Hubei Runkang**”, an indirect wholly-owned subsidiary of the Company) and Shenzhen Runtou Consulting Co., Ltd. (an indirect wholly-owned subsidiary of China Resources Land Limited) entered into a hospital management agreement on March 12, 2021 and pursuant to which Shenzhen Runtou Consulting Co., Ltd. (as the principal) shall appoint Hubei Runkang as the manager to provide comprehensive operation and management services for its Yuenianhua Nanning Rehabilitation Hospital located in Nanning City of Guangxi Province which include the introduction of management and operation systems, building management team of the hospital, and the introduction of various resources such as hospital brand and medical technology by Hubei Runkang. Hubei Runkang shall receive service fee from Shenzhen Runtou Consulting Co., Ltd. (during the preparation period) or the hospital (starting from official opening of the hospital) for provision of various management services under the hospital management agreement. The term of such agreement shall commence up to December 31, 2023; and this arrangement constitutes continuing connected transactions of the Company. Please refer to the announcement of the Company dated March 12, 2021 for further details of the abovementioned transaction.

EMPLOYEES AND REMUNERATION POLICY

As of December 31, 2020, the Group had a total of 4,903 fulltime employees (December 31, 2019: 1,178 employees). For FY2020, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately RMB685 million (FY2019: RMB355 million). The increase in number of staff as well as the corresponding staff cost was mainly due to acquisition and/or consolidation of certain hospitals during the year.

The Group ensured that the remuneration packages of employees remain competitive and the remuneration level of its employees was determined on the basis of performance with reference to the profitability of the Group, industry remuneration standards and market conditions within the general framework of the Group's remuneration system. The Group has also adopted the Share Option Scheme and the Share Award Scheme so as to provide incentives or rewards to eligible participants for their contribution or potential contribution to the Company and/or any of its subsidiaries.

FINAL DIVIDEND

The Board proposes to pay a final dividend of 8.82 HK cents (equivalent to approximately RMB7.4 cents) per Share for FY2020 (FY2019: final dividend: 10 HK cents (equivalent to approximately RMB9.0 cents)). The proposed final dividend will be payable to Shareholders whose names appear on the register of members of the Company on Friday, June 11, 2021. Based on the number of Shares in issue of the Company as of December 31, 2020, the total amount of final dividends is approximately HK\$114 million. Subject to the approval by Shareholders at the annual general meeting to be held on Thursday, June 3, 2021, it is expected that the final dividend will be distributed on or before Wednesday, June 23, 2021.

The Group is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

DIVIDEND POLICY

According to the dividend policy of the Group, subject to compliance with applicable rules and regulations (including Cayman Islands laws) and the articles of association of the Company, the Company will pay dividend to the Shareholders when the Group recorded net profit during the period and payment of dividend would not affect its normal operation. The Company intends to share its profits with Shareholders in the form of annual dividend and the remaining net profits will be used for the Group's development and operations.

The Company's ability to pay dividends will depend upon, among other things, the general financial condition of the Group, the Group's current and future operations, liquidity position and capital requirement of the Group as well as dividends received

from the Company's subsidiaries. The payment of the dividend by the Company is also subject to any restrictions under the Cayman Islands laws and articles of association of the Company.

The dividend policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as rules governing dealings by Directors in the listed securities of the Company.

Having made specific enquiry, the Company confirmed that all members of the Board complied with the Model Code during the year ended December 31, 2020. As senior managers, executives and officers who, because of their offices in the Company, may possess inside information of the Company, they shall comply with the provision of the Model Code. To the best knowledge of the Company, no incident of non-compliance to the Model Code has been committed by such employees during the year ended December 31, 2020.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting to be held on Thursday, June 3, 2021, the register of members of the Company will be closed from Monday, May 31, 2021 to Thursday, June 3, 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as members entitled to attend and vote at the annual general meeting, investors should lodge all transfers of shares accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Friday, May 28, 2021.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, June 9, 2021 to Friday, June 11, 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Tuesday, June 8, 2021.

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

During the year ended December 31, 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company confirms that it has complied with all material code provisions of CG Code during the year ended December 31, 2020.

The Company will review and commit in making necessary arrangement to comply with all the code provisions under the CG Code and the rising expectations of Shareholders and investors.

AUDIT COMMITTEE

The Company established the Audit Committee in accordance with Rule 3.21 of the Listing Rules and the CG Code on November 4, 2013. Its primary responsibilities include serving as a focal point for communication among other Directors, the external auditor and the internal auditor (where an internal audit function exists) as regards their duties relating to financial and other reporting, risk management and internal controls, external and internal audits and such other financial and accounting matters as the Board determines from time to time, assisting the Board in providing an independent review on the effectiveness of the financial reporting system, risk management and internal control systems of the Group and overseeing the audit procedure, reviewing the Group's financial and accounting policies and practices and performing other duties and responsibilities as designated by the Board.

The Audit Committee currently comprises one non-executive Director, namely Mr. Wang Yan and two independent non-executive Directors, namely Mr. Kwong Kwok Kong (committee chairman) and Ms. Chiu Kam Hing Kathy. The Audit Committee, together with the management of the Company, has reviewed the accounting principles, accounting standards and methods adopted by the Company, discussed the matters concerning risk management and internal control, auditing and financial reporting matters and reviewed the annual results and the consolidated financial statements of the Group for the year ended December 31, 2020.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2020 as set out in the preliminary announcement have been agreed by the Company's auditor, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an

assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

OTHER INFORMATION — RESTRUCTURING AGREEMENT OF JING MEI HOSPITAL

On June 28, 2020, CR Hospital Holdings, a wholly-owned subsidiary of the Company, entered into the restructuring agreement with Jing Mei Group which officially finalized the shareholding structure and cooperation model of the joint investment and development of the Jing Mei Hospital Group by the contract parties. The arrangements are set out as follows: (1) establishing a sponsorship joint venture: CR Hospital Holdings and Jing Mei Group shall establish a sponsorship joint venture, and the registered capital of which shall then be subsequently increased by Jing Mei Group by way of injecting its entire interest in the Jing Mei Hospital Group, and by CR Hospital Holdings in cash (with the maximum capital contributions in the amount of not more than RMB900 million from CR Hospital Holdings). The sponsorship joint venture shall be owned as to 49% by CR Hospital Holdings and 51% by Jing Mei Group; (2) establishing a management joint venture: CR Hospital Holdings and Jing Mei Group shall establish also a management joint venture with its registered capital subsequently contributed by CR Hospital Holdings and Jing Mei Group in cash. The management joint venture shall be owned as to 49% by CR Hospital Holdings and 51% by Jing Mei Group; and (3) management arrangements of the Jing Mei Hospital Group: Jing Mei Group, the management joint venture and Jing Mei Hospital shall enter into a new OT agreement on terms similar to the original IOT agreement in order to replace the latter, and pursuant to which the management joint venture shall provide hospital management services to the Jing Mei Hospital Group and receive management fee income accordingly. The abovementioned original IOT agreement shall then be terminated with retrospective effect from December 31, 2019, whilst the new OT agreement shall retrospectively become effective on January 1, 2020 and shall be effective for the duration of the management joint venture. Entering into the mentioned restructuring agreement aims at fully exploring the respective advantages of Jing Mei Group and the Group in jointly participating in the reform and restructuring of the Jing Mei Hospital Group, and further introducing development funds, medical and management resources to the Jing Mei Hospital Group, so as to improve its management and operational mechanism. The cooperation model under this restructuring agreement is a further step compared with the existing IOT model, with reform and cooperation being extended to asset level. Please refer the announcement published by the Company on June 28, 2020 for further details.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.crmedical.hk), and the 2020 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the above websites in due course.

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

DEFINITIONS

“Articles of Association” or “Articles”	the articles of association of our Company adopted on September 30, 2013 and as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of our Company
“CG Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Chairman”	the chairman of our Board
“Chief Executive Officer”	the chief executive officer of the Company
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Taiwan, the Macau Special Administrative Region and Hong Kong
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company” or “CR Medical”	China Resources Medical Holdings Company Limited (華潤醫療控股有限公司), a company incorporated in the Cayman Islands with limited liability on February 28, 2013

“CR Hospital Management & Consulting”	China Resources Hospital Management & Consulting Co. Ltd. (華潤醫院管理諮詢有限公司) (formerly known as Beijing Phoenix United Hospital Management Consulting Co. Ltd. (北京鳳凰聯合醫院管理諮詢有限公司), Beijing Phoenix United Hospital Management Co., Ltd. (北京鳳凰聯合醫院管理有限公司) and Beijing Phoenix United Hospital Management Joint Stock Co., Ltd. (北京鳳凰聯合醫院管理股份有限公司), a limited liability company established under the laws of the PRC on November 6, 2007, and a wholly-owned subsidiary of our Company
“Director(s)”	the directors of our Company or any of them
“FY2019”	the financial year ended December 31, 2019
“FY2020”	the financial year ended December 31, 2020
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries
“HK\$” or “HKD” and “HK cent(s)” or “cent(s)”	Hong Kong dollar and cent(s) respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaikuang Hospital”	Huaibei Miner General Hospital* (淮北礦工總醫院)
“Huaikuang Hospital Group”	collectively, Huaikuang Hospital and certain affiliated hospitals and community clinics
“IAS”	International Accounting Standard
“IFRSs”	International Financial Reporting Standards
“IOT”	the “invest-operate-transfer” model
“IOT Hospitals”	third-party hospitals and clinics, which we manage and operate under the IOT model

“Jian Gong Hospital”	Beijing Jian Gong Hospital Co., Ltd.* (北京市健宮醫院有限公司), a limited liability company established under the laws of the PRC on May 12, 2003 and a subsidiary of our Company, and its predecessor, Beijing Construction Worker Hospital (北京市建築工人醫院), before its reform
“Jing Mei Group”	Beijing Jing Mei Group Company Limited* (北京京煤集團有限公司), a company incorporated in the PRC with limited liability and a state-owned enterprise under the State-owned Assets Supervision and Administration Commission of Beijing
“Jing Mei Hospital”	Jing Mei Hospital* (北京京煤集團總醫院)
“Jing Mei Hospital Group”	collectively, Jing Mei Hospital and its affiliated hospitals and community clinics
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mentougou Hospital”	Beijing Mentougou Hospital (北京市門頭溝區醫院), a not-for-profit hospital established under the laws of the PRC in 1951 and wholly owned by the Mentougou District government, which we began managing in June 2010 pursuant to the Mentougou IOT Agreement
“Mentougou Hospital for Women and Children”	Mentougou Hospital for Women and Children (門頭溝區婦幼保健院) incorporated under the laws of the PRC in 1983 and wholly owned by the Mentougou District government, which we began managing in September 2014 pursuant to the Mentougou Hospital for Women and Children IOT Agreement
“Mentougou Hospital for Women and Children IOT Agreement”	the IOT agreement we entered into with the Mentougou District government on September 23, 2014
“Mentougou IOT Agreement”	collectively, the IOT agreement we entered into with the Mentougou District government on July 30, 2010, as amended
“Mentougou TCM Hospital IOT Agreement”	the IOT agreement we entered into with the Mentougou District government on June 6, 2012

“Mentougou Traditional Chinese Medicine Hospital”	Mentougou Traditional Chinese Medicine Hospital (北京市門頭溝區中醫院), a not-for-profit hospital established under the laws of the PRC in 1956 and wholly owned by the Mentougou District government, which we began managing in June 2012 pursuant to the Mentougou TCM Hospital IOT Agreement
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“OT”	the “operate-transfer” model
“OT Hospital”	third-party hospital which we manage and operate under the OT model
“Reporting Period”	the period from January 1, 2020 to December 31, 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Run Neng Hospitals”	collectively, Guangdong CEEC Power Hospital* (廣東中能建電力醫院), Beijing CEEC Hospital* (北京中能建醫院), Guangxi Hydropower Hospital* (廣西水電醫院) and CEEC Anhui Hospital* (中能建安徽醫院)
“Share(s)”	share(s) with par value of HK\$0.00025 each in the capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Award Scheme”	the share award scheme of the Company adopted by the Board pursuant to a resolution passed by the Board on July 7, 2014, as amended by the Board on May 25, 2015 and August 31, 2018
“Share Option Scheme”	the share option scheme conditionally adopted by the Company pursuant to a resolution passed by our Shareholders on September 30, 2013
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

“UMP Healthcare Holdings”	UMP Healthcare Holdings Limited (聯合醫務集團有限公司), a limited liability company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange (Stock Code: 722)
“United States” or “U.S.”	the United States of America, its territories and possessions, and all areas subject to its jurisdiction
“U.S. dollar” or “US\$”	United States dollar, the lawful currency of the United States
“Wugang Hospital”	China Resources Wugang General Hospital* (華潤武鋼總醫院)
“Wugang Hospital Group”	collectively, Wugang Hospital, Wuhan Iron and Steel (Group) Corporation No. 2 Staff Hospital* (武漢鋼鐵(集團)公司第二職工醫院) and certain affiliated hospitals and community clinics
“Xukuang Hospital”	Xuzhou Mining Hospital* (徐州市礦山醫院)

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

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

Beijing, March 26, 2021

As at the date of this announcement, the Board comprises Mr. WU Ting Yuk, Anthony, Mr. KWONG Kwok Kong, Ms. CHIU Kam Hing Kathy and Mr. LEE Kar Chung Felix as independent non-executive Directors; Mr. WANG Yan as non-executive Director; Mr. SONG Qing, Mr. CHENG Libing, Ms. REN Yuan and Ms. FU Yanjun as executive Directors.