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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, 2022

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, 2022 (the “**Reporting Period**”) as follows:

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

For the six months ended June 30, 2022

	Notes	For the six months ended June 30,	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
REVENUE	4	2,850,489	1,772,123
Cost of sales		(2,326,223)	(1,377,549)
Gross profit		524,266	394,574
Other income	5	94,842	54,697
Other gains and losses, net	6	(77,069)	(19,776)
Selling and distribution expenses		(8,779)	(8,145)
Administrative expenses		(292,473)	(188,692)
Impairment losses/(reversal of impairment losses) on financial assets, net		(770)	796
Other expenses		(5,081)	(1,148)
Finance costs		(11,970)	(5,878)
Share of profits and losses of:			
A joint venture		(4,217)	630
Associates		35,426	43,084

		<b>For the six months ended June 30,</b>	
		<b>2022</b>	2021
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
PROFIT BEFORE TAX	7	254,175	270,142
Income tax expense	8	<u>(39,428)</u>	<u>(64,817)</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>214,747</u></b>	<b><u>205,325</u></b>
Attributable to:			
Owners of the parent		201,589	199,315
Non-controlling interests		<u>13,158</u>	<u>6,010</u>
		<b><u>214,747</u></b>	<b><u>205,325</u></b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	10		
Basic ( <i>RMB yuan</i> )		<u>0.16</u>	<u>0.16</u>
Diluted ( <i>RMB yuan</i> )		<u>0.16</u>	<u>0.16</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

June 30, 2022

		June 30, 2022 (Unaudited) RMB'000	December 31, 2021 (Audited) RMB'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,905,407	1,754,607
Right-of-use assets		377,456	363,835
Goodwill		2,434,568	2,276,258
Other intangible assets		72,004	75,351
Investment in a joint venture		—	302,940
Investments in associates		997,136	961,710
Receivables from invest-operate-transfer (“IOT”) hospitals		59,988	58,898
Financial assets at fair value through profit or loss (“FVTPL”)		58,882	65,301
Other financial assets at amortised cost		716,281	597,670
Deferred tax assets		10,555	10,181
Other non-current assets		76,269	76,269
Total non-current assets		<u>6,708,546</u>	<u>6,543,020</u>
<b>CURRENT ASSETS</b>			
Inventories		178,556	185,075
Trade and bills receivables	11	1,011,547	766,603
Contract assets		22,620	27,560
Prepayments, deposits and other receivables		294,447	298,529
Due from related parties		7,164	7,141
Financial assets at FVTPL		80,674	—
Other financial assets at amortised cost		210,536	311,031
Restricted and pledged bank deposits		5,822	4,592
Cash and cash equivalents		2,343,450	2,324,051
Total current assets		<u>4,154,816</u>	<u>3,924,582</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	895,520	827,574
Other payables and accruals		752,955	757,989
Due to related parties		140,262	126,283
Payables to hospitals sponsored by the Group (the “Sponsored Hospitals”)		—	166
Interest-bearing bank and other borrowings		802,305	1,665,899
Lease liabilities		38,446	22,225
Deferred income		2,428	817
Tax payable		40,292	42,781
Total current liabilities		<u>2,672,208</u>	<u>3,443,734</u>

	<b>June 30, 2022</b>	December 31, 2021
	<b>(Unaudited)</b>	(Audited)
	<b>RMB'000</b>	RMB'000
NET CURRENT ASSETS	<u>1,482,608</u>	<u>480,848</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>8,191,154</u>	<u>7,023,868</u>
NON-CURRENT LIABILITIES		
Lease liabilities	45,973	40,250
Retirement benefit obligations	49,275	37,478
Deferred tax liabilities	70,216	95,251
Provision	1,826	327
Deferred income	15,016	4,117
Interest-bearing bank borrowings	940,710	—
Total non-current liabilities	<u>1,123,016</u>	<u>177,423</u>
Net assets	<u>7,068,138</u>	<u>6,846,445</u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	267	267
Reserves	<u>6,524,700</u>	<u>6,450,509</u>
	6,524,967	6,450,776
Non-controlling interests	<u>543,171</u>	<u>395,669</u>
Total equity	<u>7,068,138</u>	<u>6,846,445</u>

## NOTES

### 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 Centre Office Building No. 5, Courtyard No. 9, Fuyi Street, Fengtai District, Beijing, the People's Republic of China (the "PRC").

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

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

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

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendment to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

- (a) Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of

IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to IFRSs 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:
  - IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
  - IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

### 3. OPERATING SEGMENT INFORMATION

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

- (a) Self-owned hospitals — this segment engages in the provision of out-patient and in-patient services by the consolidated hospitals and the provision of services to the unconsolidated hospitals;
- (b) IOT/operate-transfer (“OT”) hospitals — this segment engages in the provision of services to IOT hospitals and OT hospitals; and
- (c) 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 before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that fair value losses on financial assets at FVTPL, dividend income on a financial asset at FVTPL, gain on disposal of a subsidiary, investment income on financial assets at FVTPL, investment income on other financial assets at amortised cost, unallocated interest and investment income, unallocated impairment losses/(reversal of 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, financial assets at FVTPL, other financial assets at amortised cost, restricted and pledged bank deposits, cash and cash equivalents 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	IOT/OT hospitals (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Six months ended 30 June 2022</b>				
External revenue				
General healthcare services	2,322,778	—	—	2,322,778
Hospital management services	—	13,712	—	13,712
Third-party supply chain service fees	76,237	26,363	—	102,600
GPO business	220,025	184,061	—	404,086
Other hospital-derived services	—	—	7,313	7,313
Inter-segment revenue				
Hospital management services	62,142	—	—	62,142
GPO business	162,938	—	—	162,938
Other hospital-derived services	4,083	—	687	4,770
Segment revenue	<u>2,848,203</u>	<u>224,136</u>	<u>8,000</u>	<u>3,080,339</u>
Eliminations	<u>(229,163)</u>	<u>—</u>	<u>(687)</u>	<u>(229,850)</u>
<b>Consolidated revenue</b>	<u><b>2,619,040</b></u>	<u><b>224,136</b></u>	<u><b>7,313</b></u>	<u><b>2,850,489</b></u>
Segment cost	(2,162,106)	(153,492)	(10,625)	(2,326,223)
Other income	28,316	3,778	3,881	35,975
Other gains	351	—	—	351
Selling and distribution expenses	(6,331)	(2,193)	(160)	(8,684)
Administrative expenses	(237,078)	(13,386)	(5,740)	(256,204)
Finance costs	(1,172)	—	(8)	(1,180)
Impairment losses on financial assets, net	(2,555)	—	(384)	(2,939)
Other expenses	(5,025)	—	(17)	(5,042)
Share of loss of a joint venture	(4,217)	—	—	(4,217)
Share of profits of associates	35,426	—	—	35,426
Segment results	<u>264,649</u>	<u>58,843</u>	<u>(5,740)</u>	<u>317,752</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				8,813
Unallocated reversal of impairment losses on financial assets, net				2,169
Equity-settled share-based payment expense				(2,229)
Unallocated finance costs				(10,790)
Foreign exchange differences, net				(77,053)
Other unallocated income				16,465
Other unallocated losses				(37)
Other unallocated administrative expenses				(34,135)
Other unallocated expenses				(39)
Profit before tax				<u><u>254,175</u></u>

	Self-owned hospitals (Unaudited) RMB'000	IOT/OT hospitals (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Six months ended 30 June 2021</b>				
External revenue				
General healthcare services	1,138,886	—	—	1,138,886
Hospital management services	28,532	19,396	—	47,928
Third-party supply chain service fees	78,461	19,757	—	98,218
GPO business	321,295	153,106	—	474,401
Other hospital-derived services	—	—	12,690	12,690
Inter-segment revenue				
Hospital management services	38,012	—	—	38,012
GPO business	120,347	—	—	120,347
Other hospital-derived services	1,752	—	2,237	3,989
Segment revenue	<u>1,727,285</u>	<u>192,259</u>	<u>14,927</u>	<u>1,934,471</u>
Eliminations	<u>(160,111)</u>	<u>—</u>	<u>(2,237)</u>	<u>(162,348)</u>
<b>Consolidated revenue</b>	<u>1,567,174</u>	<u>192,259</u>	<u>12,690</u>	<u>1,772,123</u>
Segment cost	(1,230,513)	(133,842)	(13,194)	(1,377,549)
Other income	9,632	4,615	6,283	20,530
Selling and distribution expenses	(6,051)	(1,901)	—	(7,952)
Administrative expenses	(112,883)	(11,760)	(2,863)	(127,506)
Finance costs	(1,144)	—	(33)	(1,177)
Reversal of impairment losses on financial assets, net	1,012	—	—	1,012
Other expenses	(1,008)	—	(131)	(1,139)
Share of profit of a joint venture	630	—	—	630
Share of profits of associates	<u>42,504</u>	<u>—</u>	<u>—</u>	<u>42,504</u>
Segment results	269,353	49,371	2,752	321,476
Fair value losses on financial assets at FVTPL				(21,876)
Dividend income on a financial asset at FVTPL				2,795
Investment income on financial assets at FVTPL				7,294
Investment income on other financial assets at amortised cost				7,394
Unallocated interest and investment income				15,744
Unallocated impairment losses on financial assets, net				(216)
Equity-settled share-based payment expense				(5,104)
Unallocated finance costs				(4,701)
Foreign exchange differences, net				2,100
Unallocated share of profit of an associate				580
Other unallocated income				940
Other unallocated administrative expenses				(56,275)
Other unallocated expenses				(9)
Profit before tax				<u>270,142</u>

**Segment assets and liabilities**

	Self-owned hospitals (Unaudited) RMB'000	IOT/OT hospitals (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>As at June 30, 2022</b>				
Segment assets	<u>4,681,439</u>	<u>247,787</u>	<u>69,985</u>	<u>4,999,211</u>
Goodwill				2,434,568
Financial assets at FVTPL				139,556
Other financial assets at amortised cost				926,817
Restricted and pledged bank deposits				5,822
Cash and cash equivalents				2,343,450
Corporate and other unallocated assets				1,293,805
Elimination of inter-segment receivables				<u>(1,279,867)</u>
Total assets				<u><u>10,863,362</u></u>
Segment liabilities	<u>2,170,558</u>	<u>25,610</u>	<u>60,424</u>	<u>2,256,592</u>
Interest-bearing bank borrowings				1,743,015
Corporate and other unallocated liabilities				1,082,313
Elimination of inter-segment payables				<u>(1,286,696)</u>
Total liabilities				<u><u>3,795,224</u></u>

	Self-owned hospitals (Audited) <i>RMB'000</i>	IOT/OT hospitals (Audited) <i>RMB'000</i>	Others (Audited) <i>RMB'000</i>	Total (Audited) <i>RMB'000</i>
<b>As at December 31, 2021</b>				
Segment assets	<u>3,146,178</u>	<u>256,595</u>	<u>75,389</u>	<u>3,478,162</u>
Goodwill				2,276,258
Financial assets at FVTPL				65,301
Other financial assets at amortised cost				908,701
Restricted and pledged bank deposits				4,592
Cash and cash equivalents				2,324,051
Corporate and other unallocated assets				2,224,915
Elimination of inter-segment receivables				<u>(814,378)</u>
Total assets				<u><u>10,467,602</u></u>
Segment liabilities	<u>1,651,377</u>	<u>23,589</u>	<u>62,804</u>	<u>1,737,770</u>
Interest-bearing bank borrowings				1,646,624
Corporate and other unallocated liabilities				1,051,141
Elimination of inter-segment payables				<u>(814,378)</u>
Total liabilities				<u><u>3,621,157</u></u>

#### 4. REVENUE

##### Disaggregated revenue information

For the six months ended June 30, 2022

Type of goods or services	General healthcare services (Unaudited) RMB'000	Hospital management services (Unaudited) RMB'000	GPO business (Unaudited) RMB'000	Other hospital- derived services (Unaudited) RMB'000	Elimination (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>General healthcare services</b>						
In-patient	1,322,018	—	—	—	—	1,322,018
Out-patient	<u>1,000,760</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,000,760</u>
	2,322,778	—	—	—	—	2,322,778
<b>Hospital management services</b>						
From self-owned hospitals	—	62,142	—	—	(62,142)	—
From IOT hospitals	—	10,097	—	—	—	10,097
From OT hospitals	—	3,615	—	—	—	3,615
From third party suppliers (note)	<u>—</u>	<u>102,600</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>102,600</u>
	—	178,454	—	—	(62,142)	116,312
<b>GPO business</b>						
From self-owned hospitals	—	—	382,963	—	(162,938)	220,025
From IOT hospitals	<u>—</u>	<u>—</u>	<u>184,061</u>	<u>—</u>	<u>—</u>	<u>184,061</u>
	—	—	567,024	—	(162,938)	404,086
<b>Other hospital-derived services</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,083</u>	<u>(4,770)</u>	<u>7,313</u>
<b>Total</b>	<u><u>2,322,778</u></u>	<u><u>178,454</u></u>	<u><u>567,024</u></u>	<u><u>12,083</u></u>	<u><u>(229,850)</u></u>	<u><u>2,850,489</u></u>
<b>Timing of revenue recognition</b>						
A point in time	1,000,760	—	567,024	12,083	(167,708)	1,412,159
Over time	<u>1,322,018</u>	<u>178,454</u>	<u>—</u>	<u>—</u>	<u>(62,142)</u>	<u>1,438,330</u>
<b>Total</b>	<u><u>2,322,778</u></u>	<u><u>178,454</u></u>	<u><u>567,024</u></u>	<u><u>12,083</u></u>	<u><u>(229,850)</u></u>	<u><u>2,850,489</u></u>

**For the six months ended June 30, 2021**

	General healthcare services (Unaudited) RMB'000	Hospital management services (Unaudited) RMB'000	GPO business (Unaudited) RMB'000	Other hospital- derived services (Unaudited) RMB'000	Elimination (Unaudited) RMB'000	Total (Unaudited) RMB'000
<b>Types of goods or services</b>						
<b>General healthcare services</b>						
In-patient	528,957	—	—	—	—	528,957
Out-patient	609,929	—	—	—	—	609,929
	<u>1,138,886</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,138,886</u>
<b>Hospital management services</b>						
From self-owned hospitals	—	66,544	—	—	(38,012)	28,532
From IOT hospitals	—	8,394	—	—	—	8,394
From OT hospitals	—	11,002	—	—	—	11,002
From third party suppliers (note)	—	98,218	—	—	—	98,218
	<u>—</u>	<u>184,158</u>	<u>—</u>	<u>—</u>	<u>(38,012)</u>	<u>146,146</u>
<b>GPO business</b>						
From self-owned hospitals	—	—	441,642	—	(120,347)	321,295
From IOT hospitals	—	—	153,106	—	—	153,106
	<u>—</u>	<u>—</u>	<u>594,748</u>	<u>—</u>	<u>(120,347)</u>	<u>474,401</u>
<b>Other hospital-derived services</b>						
	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,679</u>	<u>(3,989)</u>	<u>12,690</u>
<b>Total</b>	<u>1,138,886</u>	<u>184,158</u>	<u>594,748</u>	<u>16,679</u>	<u>(162,348)</u>	<u>1,772,123</u>
<b>Timing of revenue recognition</b>						
A point in time	609,929	—	594,748	16,679	(124,336)	1,097,020
Over time	528,957	184,158	—	—	(38,012)	675,103
<b>Total</b>	<u>1,138,886</u>	<u>184,158</u>	<u>594,748</u>	<u>16,679</u>	<u>(162,348)</u>	<u>1,772,123</u>

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

*Note:*

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

## 5. OTHER INCOME

	For the six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest and investment income on:		
Financial assets at FVTPL	8,537	7,294
Other financial assets at amortised cost	21,803	7,394
Receivables from IOT hospitals	3,778	4,615
Bank deposits	8,813	14,573
Loan to a sponsored hospital	—	1,171
Dividend income on a financial asset at FVTPL	3,249	2,795
Government grants	4,493	9,605
Compensation received	14,725	—
Others	29,444	7,250
	<u>94,842</u>	<u>54,697</u>

## 6. OTHER GAINS AND LOSSES, NET

	For the six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Fair value losses on financial assets at FVTPL	(281)	(21,876)
Foreign exchange differences, net	(77,053)	2,100
Gain on disposal of items of property, plant and equipment, net	176	—
Gain on disposal of a subsidiary	89	—
	<u>(77,069)</u>	<u>(19,776)</u>

## 7. PROFIT BEFORE TAX

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

	For the six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of inventories sold	1,476,492	924,993
Depreciation of property, plant and equipment	145,735	54,546
Depreciation of right-of-use assets	22,828	9,907
Amortisation of intangible assets (included in cost of sales)	3,347	3,838
Total depreciation and amortisation	171,910	68,291
Impairment/(reversal of impairment) of trade receivables, net	1,233	(803)
Loss on disposal of items of property, plant and equipment	3,204	179

## 8. INCOME TAX

The PRC enterprise income tax has been provided at the rate of 25% (six months ended June 30, 2021: 25%) on the estimated assessable income arising in the PRC during the period. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended June 30, 2021: Nil).

	For the six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current — Mainland China	64,837	65,061
Deferred	(25,409)	(244)
Total tax charge for the period	39,428	64,817

## 9. DIVIDEND

	<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Dividend recognised as distribution during the period:		
Final 2021 — HK12.00 cents (2020: HK8.82 cents) per ordinary share	133,042	94,054
Less: Dividend for shares held under the Share Award Scheme	<u>(3,440)</u>	<u>(2,978)</u>
	<u>129,602</u>	<u>91,076</u>

The Directors do not recommend the payment of an interim dividend for the six months ended June 30, 2022 (six months ended June 30, 2021: Nil).

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

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

	<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Earnings</b>		
Profit for the period attributable to ordinary equity holders of the parent for the purpose of the basic and diluted earnings per share calculation	<u>201,589</u>	<u>199,315</u>

	<b>For the six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>'000</b>	<b>'000</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period for the purpose of the basic earnings per share calculation	<b>1,257,753</b>	1,255,952
Effect of dilution — weighted average number of ordinary shares:		
Shares awarded under the Share Award Scheme	<u>900</u>	<u>7,117</u>
Weighted average number of ordinary shares in issue during the period for the purpose of the diluted earnings per share calculation	<u><b>1,258,653</b></u>	<u>1,263,069</u>

The weighted average number of shares used for the purpose of calculating the basic and diluted earnings per share for six months ended June 30, 2022 and 2021 has been arrived at after adjusting the effect of shares repurchased and held under the Share Award Scheme.

#### **11. TRADE AND BILLS RECEIVABLES**

	<b>June 30,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Trade and bills receivables		
Public health insurance programs and social organisation for medical services	<b>878,844</b>	510,076
Other customers	<b>220,757</b>	339,717
Bills receivables	<u>1,684</u>	<u>370</u>
	<b>1,101,285</b>	850,163
Impairment	<u>(89,738)</u>	<u>(83,560)</u>
	<u><b>1,011,547</b></u>	<u>766,603</u>

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

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

	<b>June 30, 2022 (Unaudited) RMB'000</b>	December 31, 2021 (Audited) RMB'000
Within 1 year	<b>890,554</b>	673,611
1 to 2 years	<b>75,327</b>	45,678
2 to 3 years	<b>45,666</b>	47,314
	<b><u>1,011,547</u></b>	<u>766,603</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:

	<b>June 30, 2022 (Unaudited) RMB'000</b>	December 31, 2021 (Audited) RMB'000
Within 60 days	<b>416,303</b>	561,418
61 to 180 days	<b>302,907</b>	209,643
Over 180 days	<b>176,310</b>	56,513
	<b><u>895,520</u></b>	<u>827,574</u>

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

## 13. BUSINESS COMBINATION

On 30 January 2022, the Group entered into certain operational agreement (“**Agreement**”) of China Resource Wugang (Hubei) Hospital Management Co., Ltd. (“**CR Wugang**”) with Wugang Group Co., Ltd., an independent third party and shareholder of CR Wugang. The principal activities of CR Wugang and its sponsored hospitals (collectively referred to as “**CR Wugang Group**”), namely Wugang Hospital and Wuhan Iron and Steel (Group) Corporation No. 2 Staff Hospital, are engaged in hospital operation.

By virtue of the Agreement, the Group is exposed or has rights to variable returns from its involvement in CR Wugang Group and has ability to affect those returns through its power over CR Wugang Group (including existing rights that give the Group the practical ability to direct the relevant activities). Accordingly, the assets and liabilities of CR Wugang Group were consolidated in the Group’s financial statements thereafter.

Prior to the business combination, the Group held 51% equity interest of CR Wugang Group and accounted for its equity interest of CR Wugang as investment in a joint venture. Accordingly, the fair value of the investment in the joint venture of RMB298,723,000 as at 30 January 2022 formed the consideration for the business combination. Goodwill recognised on this business combination accounted to RMB158,310,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The consolidated revenue of the Group for the Reporting Period amounted to RMB2,850 million (Corresponding Period: RMB1,772 million), and net profit for the Reporting Period amounted to RMB215 million (Corresponding Period: RMB205 million). Earnings per share of the Company amounted to RMB0.16 (Corresponding Period: RMB0.16). The results of the Company recorded a stable growth and it was mainly attributable to the effective prevention and control of the COVID-19 epidemic in China, and also most of the member hospitals recorded a better year-on-year growth in their business volume, revenue and operating results during the Reporting Period that the overall number of out-patients and in-patients respectively increased by 66.1% and 11.4%, and medical business revenue of our member hospitals recorded a year-on-year increase of 6.4%.

Since the corresponding documents in relation to the daily operation arrangement of China Resources Wugang (Hubei) Hospital Management Co. Ltd. (the “**Joint Venture**”) have been executed between it and the Company, the Group has obtained the practical capability to direct the relevant activities of the Joint Venture unilaterally and gained control over the Joint Venture, and its financial statements have been retrospectively consolidated into the Group’s financial statements since January 30, 2022. In addition, since the corresponding documents in relation to the daily operation arrangement of the Wugang Hospital Group have been executed between it and the Joint Venture, together with the effect of the previous constitution amendments on the above hospitals, the Group has obtained the practical capability to direct the relevant activities of such hospitals unilaterally and gained control over them, and therefore the financial statements of the Wugang Hospital Group have been retrospectively consolidated into the Group’s financial statements since January 30, 2022.

#### **List of Medical Institutions under the Group’s Management and Operation**

As of June 30, 2022, the Group managed and operated a total of 120 medical institutions in 8 provinces and cities in the PRC. During the Reporting Period, the number of out-patient visits and in-patient visits of our in-network hospitals were approximately 7,870,000 and 143,000, respectively and representing the respective year-on-year increase of 66.1% and 11.4%.

## 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	2	4	11	29	46
Shandong	—	2	2	10	14
Shanxi	—	1	—	—	1
Jiangsu	—	2	—	—	2
Anhui	1	1	19	8	29
Hubei	2	—	3	16	21
Guangdong	1	1	—	2	4
Guangxi	—	2	1	—	3
<b>Total</b>	<b>6</b>	<b>13</b>	<b>36</b>	<b>65</b>	<b>120</b>

### Operating data for 2022H1

Type	Number of beds in operation	Utilization rate of beds	Number of patients		Revenue from medical business (RMB'000)			Total
			Number of out-patients	Number of in-patients	Revenue from out-patient visits	Revenue from in-patient visits	Revenue from physical examination	
Self-owned Hospitals <sup>(Note)</sup>	9,864	73.7%	4,941,511	126,100	1,523,301	1,729,963	34,185	3,287,449
IOT/OT Hospitals	1,505	51.6%	2,928,457	16,777	473,450	241,399	14,917	729,766
<b>Subtotal</b>	<b>11,369</b>	<b>70.7%</b>	<b>7,869,968</b>	<b>142,877</b>	<b>1,996,751</b>	<b>1,971,362</b>	<b>49,102</b>	<b>4,017,215</b>

### Operating data for Corresponding Period

Type	Number of beds in operation	Utilization rate of beds	Number of patients		Revenue from medical business (RMB'000)			Total
			Number of out-patients	Number of in-patients	Revenue from out-patient visits	Revenue from in-patient visits	Revenue from physical examination	
Self-owned Hospitals <sup>(Note)</sup>	9,293	75.0%	3,315,393	108,626	1,345,877	1,667,830	39,882	3,053,589
IOT/OT Hospitals	1,804	53.7%	1,423,253	19,644	438,646	260,471	24,442	723,559
<b>Subtotal</b>	<b>11,097</b>	<b>71.6%</b>	<b>4,738,646</b>	<b>128,270</b>	<b>1,784,523</b>	<b>1,928,301</b>	<b>64,324</b>	<b>3,777,148</b>

*Note:*

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

## Financial data

### Financial data for 2022H1

2022H1 RMB'000	Total	Segment results			Administrative expenses	Other gains and expenses
		Self-owned hospitals	IOT/OT hospitals	Other derived businesses		
Revenue from goods and services	2,850,489	2,619,040	224,136	7,313	—	—
Cost of sales and services	(2,326,223)	(2,162,106)	(153,492)	(10,625)	—	—
Other income	35,975	28,316	3,778	3,881	—	—
Other gains and losses	351	351	—	—	—	—
Selling and distribution expenses	(8,684)	(6,331)	(2,193)	(160)	—	—
Administrative expenses	(256,204)	(237,078)	(13,386)	(5,740)	—	—
Finance costs	(1,180)	(1,172)	—	(8)	—	—
Impairment losses on financial assets, net	(2,939)	(2,555)	—	(384)	—	—
Other expenses	(5,042)	(5,025)	—	(17)	—	—
Share of profit of a joint venture/ associates	31,209	31,209	—	—	—	—
<b>Segment results</b>	<b>317,752</b>	<b>264,649</b>	<b>58,843</b>	<b>(5,740)</b>	<b>N/A</b>	<b>N/A</b>
Headquarters operating expenses	(36,364)	—	—	—	(36,364)	—
Other profit or loss	(16,423)	—	—	—	—	(16,423)
Finance costs	(10,790)	—	—	—	—	(10,790)
Income tax	(39,428)	—	—	—	—	(39,428)
<b>Net profit or loss</b>	<b>214,747</b>	<b>264,649</b>	<b>58,843</b>	<b>(5,740)</b>	<b>(36,364)</b>	<b>(66,641)</b>
<b>Revenue from medical business (Notes)</b>	<b>4,017,215</b>	<b>3,287,449</b>	<b>729,766</b>	<b>—</b>	<b>—</b>	<b>—</b>

Notes:

During the Reporting Period:

- (1) Self-owned hospitals include: Jian Gong Hospital, Jinan Zhong Qi Hospital, Huaikuang Hospital Group, the Run Neng Hospitals, Guangdong 999 Brain Hospital, Xukuang Hospital and Huaibei City Mental Health Center, the Wugang Hospital Group and also Huai'yin Hospital. This segment also includes the return on the Group's investments to Jing Mei Hospital.
- (2) IOT hospitals include: Mentougou Hospital, Mentougou Traditional Chinese Medicine Hospital, Mentougou Hospital for Women and Children, Shunyi District Konggang Hospital, the Second Hospital of Shunyi District.
- (3) OT hospitals include: Yantai Zhifu Hospital, Yuenianhua Rehabilitation Hospital.

## Financial data for Corresponding Period

Corresponding Period RMB'000	Total	Segment results			Administrative expenses	Other gains and expenses
		Self-owned Hospitals	IOT/OT Hospitals	Other derived businesses		
Revenue from goods and services	1,772,123	1,567,174	192,259	12,690	—	—
Cost of sales and services	(1,377,549)	(1,230,513)	(133,842)	(13,194)	—	—
Other income	20,530	9,632	4,615	6,283	—	—
Selling and distribution expenses	(7,952)	(6,051)	(1,901)	—	—	—
Administrative expenses	(127,506)	(112,883)	(11,760)	(2,863)	—	—
Finance costs	(1,177)	(1,144)	—	(33)	—	—
Reversal of impairment losses on financial assets, net	1,012	1,012	—	—	—	—
Other expenses	(1,139)	(1,008)	—	(131)	—	—
Share of profit of a joint venture/associates	43,134	43,134	—	—	—	—
<b>Segment results</b>	321,476	269,353	49,371	2,752	N/A	N/A
Headquarters operating expenses	(61,379)	—	—	—	(61,379)	—
Other profit or loss	14,166	—	—	—	—	14,166
Finance costs	(4,701)	—	—	—	—	(4,701)
Share of profit of an associate	580	—	—	—	—	580
Income tax	(64,817)	—	—	—	—	(64,817)
<b>Net profit or loss</b>	<u>205,325</u>	<u>269,353</u>	<u>49,371</u>	<u>2,752</u>	<u>(61,379)</u>	<u>(54,772)</u>
<b>Revenue from medical business (Notes)</b>	<u>3,777,148</u>	<u>3,053,589</u>	<u>723,559</u>	<u>—</u>	<u>N/A</u>	<u>N/A</u>

Notes:

For Corresponding Period:

- (1) Self-owned hospitals include: Jian Gong Hospital, Jinan Zhong Qi Hospital, Huaikuang Hospital Group, the Run Neng Hospitals, Guangdong 999 Brain Hospital, Xukuang Hospital and Huaibei City Mental Health Center, and also Huai'yin Hospital (since June 30, 2021). This segment also includes the return on the Group's investments to Jing Mei Hospital and the Wugang Hospital Group.
- (2) IOT hospitals include: Mentougou Hospital, Mentougou Traditional Chinese Medicine Hospital, Mentougou Hospital for Women and Children, Shunyi District Konggang Hospital, the Second Hospital of Shunyi District.
- (3) OT hospitals include: Yantai Zhifu Hospital, Yuenianhua Rehabilitation Hospital and Tai'an City Hospital.

## Segment Results

In the first half of 2022, the aggregated results of all segments amounted to about RMB318 million, which decreased slightly by approximately 1.2% as compared with the Corresponding Period. During the Reporting Period, a number of our member hospitals achieved satisfactory improvement in terms of their operating results, but since the Huaiyin Hospital was still in the integration stage and together with the impacts of pandemics, its revenue from medical business and profit contribution recorded year-on-year drop. The segment profits during the Reporting Period dropped slightly due to these factors.

### Segment Results — Self-owned Hospitals

During the Reporting Period, although Huaiyin Hospital is still in the integration stage, and we were also under the impact of the epidemic in China, the Group's self-owned hospitals recorded satisfactory business growth as a whole. The medical business revenue of the self-owned hospitals segment increased by 7.7% year-on-year to approximately RMB3.29 billion and the segment results recorded a decrease of 1.7% to approximately RMB265 million.

Self-owned Hospitals	2022H1 RMB'000	Corresponding	Year-on-Year	
		Period RMB'000	Change RMB'000	Percentage
<b>Revenue from medical business</b>	<b>3,287,449</b>	3,053,589	233,860	7.7%
General healthcare services	<b>121,373</b>	82,813	38,560	46.6%
Hospital management services fees	<b>15,028</b>	29,899	(14,871)	-49.7%
Third-party supply chain service fees	<b>78,583</b>	98,295	(19,712)	-20.1%
GPO gross profit	<b>70,715</b>	76,639	(5,924)	-7.7%
<b>Profit contribution</b>	<b>285,699</b>	287,646	(1,947)	-0.7%
Operating expenses and other profit or loss	<b>(21,050)</b>	(18,293)	(2,757)	15.1%
<b>Segment results</b>	<b>264,649</b>	269,353	(4,704)	-1.7%
<b>Segment profit margin</b>	<b>8.1%</b>	8.8%	-0.7ppt	

## Segment Results — IOT/OT Hospitals

The IOT/OT hospitals segment recorded respective increase in medical business revenue and results of 0.9% and 19.2% year-on-year.

IOT/OT hospitals	2022H1 RMB'000	Corresponding	Year-on-Year	
		Period RMB'000	Change RMB'000	Percentage
<b>Revenue from medical business</b>	<b>729,766</b>	723,559	6,207	0.9%
Hospital management services fees	13,712	19,396	(5,684)	-29.3%
Third-party supply chain service fees	26,363	19,756	6,607	33.4%
GPO gross profit	37,985	31,319	6,666	21.3%
<b>Profit contribution</b>	<b>78,060</b>	70,471	7,589	10.8%
Operating expenses and other profit or loss	(19,217)	(21,100)	1,883	-8.9%
<b>Segment results</b>	<b>58,843</b>	49,371	9,472	19.2%
<b>Segment profit margin</b>	<b>8.1%</b>	6.8%	1.3ppt	

### Headquarters operating expenses

During the Reporting Period, the total operating expenses of the headquarters amounted to approximately RMB36 million (Corresponding Period: approximately RMB61 million), accounting for 12.4% of the total administrative expenses of the Group (Corresponding Period: 32.5%). The decrease was mainly due to a sharp drop in staff costs after the reshaping of the organisation.

### Other profit or loss

During the Reporting Period, other loss of the Group totaled approximately RMB16 million (Corresponding Period: other profit totaled approximately RMB14 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. Among which, the recorded exchange loss due to changes in exchange rate during the Reporting Period was approximately RMB77 million.

### Finance costs

During the Reporting Period, the finance cost of the Group amounted to approximately RMB12 million (Corresponding Period: approximately RMB5.9 million). The increase in the finance costs was in line with the increase in our loans.

## **Income tax expense**

During the Reporting Period, the Group's income tax expenses amounted to approximately RMB39 million (Corresponding Period: approximately RMB65 million). The effective income tax rate of the Group's recurring business was 25.0% (Corresponding Period: 24.0%).

## **Net profit**

The Group recorded a net profit of RMB215 million, representing a year-on-year increase of 4.6%.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS, INVESTMENTS IN JOINT VENTURE(S) AND ASSOCIATE(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 categorised the investment in UMP Healthcare Holdings as financial assets at fair value through profit or loss. As at June 30, 2022, the fair value of the investment in UMP Healthcare Holdings was approximately RMB58.88 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**

China Resources Medical will continue to implement the “Healthy China” development strategy. The ever improving medical technology of our member hospitals is our core capability. We will also continue to strengthen our advantageous specialties and leverage the synergy of the hospital groups of different regions. Our “RUNXIN” patient service system for patients will be further enhanced to gain prestige in respect of patient experiences and advance the “patient-oriented” culture of service. The operation and management system of our hospitals will be further modernized, refined and standardized in order to ensure efficient operation and improve the quality of our medical services. Hospitals of our Group are all connected online to encourage collaboration and further develop synergy. Through the aforesaid group level management and efficient supply chain, the sustainable development of the ecosystem of our business is ensured and our brand is shaped.

Following the normalization of pandemic prevention and control, we shall accordingly explore different ways to further improve the efficiency of our operation and the quality of our medical services. Risks shall be effectively managed via thorough policy research on the reform of medical insurance payment and formulation of measures in a timely manner. We will also seize the window period for the reform of state-owned hospitals and the corresponding merger and acquisition opportunities so as to accelerate our extensional growth.

## **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 relate primarily to operating activities, business expansion, repayment of liabilities as they become due, capital expenditures, interest and dividend payments.

As at June 30, 2022, the Group’s consolidated bank balances and cash, time deposits and bank financial products amounted to approximately RMB3.35 billion in total (December 31, 2021: approximately RMB3.23 billion) which were primarily denominated in RMB.

As at June 30, 2022, 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 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 the term of one year which shall be automatically renewed if the relevant bank does not notify otherwise. As at June 30, 2022, the Group had interest-bearing bank borrowings of approximately HK\$2.04 billion (equivalent to approximately RMB1.74 billion) (December 31, 2021: approximately HK\$933 million and US\$139 million (equivalent to approximately RMB1.65 billion)), and unutilized bank facilities of approximately HK\$3.16 billion (equivalent to approximately RMB2.70 billion). As at June 30, 2022, 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 others would be due within one year. HK\$0.7 billion of the facilities is the sustainability-linked and social loan.

As at June 30, 2022, 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 16.0% (December 31, 2021: 15.9%). In addition, the carrying value of each of our wealth management products as at June 30, 2022 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 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 a certain extent. Please refer to the paragraph headed "Management Discussion and Analysis — Employees and Remuneration Policy" for those measures mentioned above.

We also recognise that our relationship with patients and partners is key to the resilient development of the Group. We strive to provide 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, 2022, 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, 2022, the Group did not have any material pledge of assets.

## **Employees and Remuneration Policy**

As of June 30, 2022, the Group had a total of 9,866 full-time employees (December 31, 2021: 8,454 employees). For Reporting Period, the staff costs (including Directors' remuneration in the form of salaries and other benefits) was approximately RMB836 million (Corresponding Period: RMB471 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 Participants for their contribution or potential contribution to the Company and/or any of its subsidiaries.

## **Contractual Obligations**

As at June 30, 2022, 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 1 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 these exposures to ensure appropriate measures are implemented on a timely and effective manner.

## **Interim Dividend**

The Board did not recommend the payment of any interim dividend for the Reporting Period (Corresponding Period: nil).

## **COMPLIANCE WITH THE CG CODE**

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

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

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

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

## **OTHER INFORMATION**

### **Yan Hua IOT Agreement Dispute**

On January 21, 2019, the Company received a letter from Yan Hua Phoenix and Yan Hua Hospital (“**Yan Hua**”) to unilaterally terminate the Yan Hua IOT Agreement with effect from January 21, 2019. On April 17, 2019, the Group has submitted a civil claim statement against Yan Hua Phoenix and Yan Hua Hospital in relation to the Yan Hua IOT Agreement dispute to Beijing Second Intermediate People’s Court to seek the court’s ruling that the unilateral termination of Yan Hua IOT Agreement by Yan Hua Phoenix and Yan Hua Hospital on January 21, 2019 shall be void and that Yan Hua Phoenix and Yan Hua Hospital should be liable for damages for breach of the Yan Hua IOT Agreement. On December 18, 2019, the Beijing Second Intermediate People’s Court handed down the civil judgment ([2019] Jing 02 Minchu No.304) and the major details are as follows: (1) the unilateral termination of Yan Hua IOT Agreement by Yan Hua Phoenix and Yan Hua Hospital is declared to be void and that the parties shall continue to perform its obligations under the Yan Hua IOT Agreement; (2) the amount of RMB14,400,000, being the damages for breach of the Yan Hua IOT Agreement, is to be paid by Yan Hua Phoenix to CR Hospital Management & Consulting; (3) other reliefs sought by CR Hospital Management & Consulting shall be dismissed; and (4) other counterclaims of Yan Hua Phoenix and Yan Hua Hospital shall be dismissed. In January 2020, Yan Hua Phoenix and Yan Hua Hospital filed an appeal on the original

judgment to Beijing Higher People's Court, and the relevant court hearing was held on October 26, 2020. On November 22, 2021, the Beijing Higher People's Court handed down a civil judgment (2020 Jing Minzhong No.110) which rejected the abovementioned appeal filed by Yan Hua Phoenix and Yan Hua Hospital and upheld the original judgment, and adjudged that such ruling shall be final. The Company filed an application for the enforcement of the final judgment to Beijing Second Intermediate People's Court in January 2022, and the court accepted the Company's application for enforcement in February 2022. As of the date of this announcement, the Company has received the ascertained damages of RMB14,400,000 paid by Yan Hua Phoenix according to the final judgment and will continue to urge Yan Hua to perform the final judgement. The Company will continue use its best endeavors and take all appropriate actions to protect the interest 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. Please refer to the announcements published by the Company on January 15, 2019, January 21, 2019, April 17, 2019 and November 23, 2021 for more details.

## **REVIEW OF INTERIM RESULTS**

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the Reporting Period under review and considered that they were prepared in compliance with the relevant accounting standards, the Listing Rules and the applicable legal requirements, and that the Company has made appropriate disclosure thereof.

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

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

For the 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 Hong Kong Exchanges and Clearing Limited ("HKEx") at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.crmedical.hk](http://www.crmedical.hk), respectively. The interim report of the Company for the Reporting Period will be despatched to each of the Shareholders of the Company and published on HKEx's and the Company's websites in due course.

## DEFINITIONS

“Audit Committee”	the audit committee of the Board
“Award Shares”	such Shares awarded pursuant to the Share Award Scheme, the maximum number of which shall not exceed 5% of the total issued capital of the Company as at August 31, 2018 and 1% of the total number issued Shares to each of the Selected Participant as at August 31, 2018
“Board” or “Board of Directors”	the board of Directors of our Company
“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
“Company” or “our Company” or “China Resources Medical”	China Resources Medical Holdings Company Limited (華潤醫療控股有限公司), a company incorporated in the Cayman Islands with limited liability on February 28, 2013
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, or where the context requires, refers to China Resources Company Limited (中國華潤有限公司) (formerly known as China Resources National Corporation (中國華潤總公司))
“Corresponding Period”	the period from January 1, 2021 to June 30, 2021

“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 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”, “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
“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

“Jian Gong Hospital”	Beijing Jian Gong Hospital Co., Ltd.* (北京市健宮醫院有限公司), a limited liability company established under the laws of the PRC on May 12, 2003 and a subsidiary of our Company, and its predecessor, Beijing Construction Worker Hospital (北京市建築工人醫院), before its reform
“Jinan Zhong Qi Hospital”	Jinan Zhong Qi Hospital Company Limited* (濟南重汽醫院有限公司), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of our Company, and its predecessor, CNHTC Hospital (中國重型汽車集團有限公司醫院), before its reform
“Jing Mei Group”	Beijing Jing Mei Group Company Limited* (北京京煤集團有限責任公司), 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mentougou Hospital”	Beijing Mentougou Hospital (北京市門頭溝區醫院), a not-for-profit hospital established under the laws of the PRC in 1951 and wholly-owned by the Mentougou District government, which we began managing in June 2010 pursuant to the Mentougou IOT Agreement
“Mentougou Hospital for Women and Children”	Mentougou Hospital for Women and Children (門頭溝區婦幼保健院) incorporated under the laws of the PRC in 1983 and wholly-owned by the Mentougou District government, which we began managing in September 2014 pursuant to the Mentougou Hospital for Women and Children IOT Agreement
“Mentougou Hospital for Women and Children IOT Agreement”	the IOT agreement we entered into with the Mentougou District government on September 23, 2014

“Mentougou IOT Agreement”	collectively, the IOT agreement we entered into with the Mentougou District government on July 30, 2010, as amended
“Mentougou TCM Hospital IOT Agreement”	the IOT agreement we entered into with the Mentougou District government on June 6, 2012
“Mentougou Traditional Chinese Medicine Hospital”	Mentougou Traditional Chinese Medicine Hospital (北京市門頭溝區中醫院), a not-for-profit hospital established under the laws of the PRC in 1956 and wholly-owned by the Mentougou District government, which we began managing in June 2012 pursuant to the Mentougou TCM Hospital IOT Agreement
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“OT”	the “operate-transfer” model
“OT Hospital(s)”	third-party hospital(s) which the Group manages and operates under the OT model
“Reporting Period”	the period from January 1, 2022 to June 30, 2022
“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)
“Selected Participant(s)”	Eligible Persons selected by the Board in accordance with the terms of the Share Award Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Share(s)”	share(s) with par value of HK\$0.00025 each in the capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Award Scheme”	the share award scheme of the Company adopted by the Board pursuant to a resolution passed by the Board on July 7, 2014, as amended by the Board on May 25, 2015 and August 31, 2018
“Share Option Scheme”	the share option scheme conditionally adopted by the Company pursuant to a resolution passed by our Shareholders on September 30, 2013
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“UMP Healthcare Holdings”	UMP Healthcare Holdings Limited (聯合醫務集團有限公司), a limited liability company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange (stock code: 722.HK)
“U.S. dollar” or “US\$”	United States dollar, the lawful currency of the United States of America
“Wugang Hospital”	China Resources Wugang General Hospital* (華潤武鋼總醫院)
“Wugang Hospital Group”	collectively, Wugang Hospital, Wuhan Iron and Steel (Group) Corporation No. 2 Staff Hospital* (武漢鋼鐵(集團)公司第二職工醫院) and certain affiliated hospitals and community clinics
“Xukuang Hospital”	Xuzhou Mining Hospital* (徐州市礦山醫院)
“Yan Hua Hospital”	Yan Hua Hospital* (北京燕化醫院)
“Yan Hua Hospital Group”	collectively, Yan Hua Hospital and the community clinics affiliated with Yan Hua Hospital
“Yan Hua Hospital Investment Management Agreement”	the hospital investment management agreement dated February 4, 2008, which was supplemented in April 2008, December 2010, June 2011, July 2013, September 2013 and October 2013, and were entered into between CR Hospital Management & Consulting, Yan Hua Hospital and Yan Hua Phoenix

“Yan Hua IOT Agreement” the hospital management right and investment framework agreement dated February 1, 2008 and the 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 Phoenix” Beijing Yan Hua Phoenix Healthcare Asset Management Co., Ltd.\* (北京燕化鳳凰醫療資產管理有限公司), a limited liability company incorporated under the laws of the PRC on July 18, 2005

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

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

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

Beijing, August 23, 2022

*As at the date of this announcement, the Board comprises Mr. SONG Qing, Mr. CHENG Libing, Ms. REN Yuan and Mr. SHAN Baojie as executive Directors; Mr. HU Hui as non-executive Director; 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.*