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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

M. S. Zhijiang (蘇志強)

M. L. We (陸文佐)

PRINCIPAL PLACE OF BUSINESS  
IN HONG KONG

Suite 10, 70/F  
The Asia Finance Centre  
No. 8 Finance Street  
Central

## FINANCIAL HIGHLIGHT

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	180,679	208,531
- Home appliances	100,988	108,181
- Consumer electronics	79,568	98,301
- White appliances	123	2,049
Adjusted gross profit <sup>(1)</sup>	96,376	102,616
Adjusted operating profit <sup>(2)(3)</sup>	56,474	52,767
Adjusted gross profit margin	53.3%	49.2%
Adjusted operating profit margin <sup>(3)</sup>	31.3%	25.3%
<b>Adjusted items</b>		
Effect of exchange rate changes	2,424	2,923
Financial expenses <sup>(2)(i)</sup>	15,250	15,250
Gain from disposal of subsidiaries <sup>(2)(iii)</sup>		
Gain from disposal of long-term investments	16,894	62,029
Loss from disposal of subsidiaries <sup>(2)(i)</sup>	4,751	1,698
Other non-recurring items		
Adjusted operating profit <sup>(2)(3)(4)</sup>	617,935	

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	180,679	208,531
Gross profit <sup>(1)</sup>	80,702	84,443
Net profit <sup>(2)(4)</sup>	(566,992)	94,925
Basic earnings per share (RMB)	(3.874)	0.594

Notes:

- (1) The gross profit for the period ended June 30, 2020 (the "Reporting Period") amounted to RMB80.7 million. Adjusted gross profit for the Reporting Period, excluding the effect of the fair value adjustments of the equity investments, amounted to RMB80.7 million.
- (2) The Gross Profit for the Reporting Period was RMB567.0 million. The adjusted net profit (the "Adjusted Net Profit") was RMB567.0 million.



Facing the restrictions brought about by the pandemic, the Group actively examined potential projects and promoted emerging businesses such as Internet healthcare

In the first half of the year, due to the impact of the epidemic, the Group's overall business performance was affected. However, the Group has actively explored and promoted emerging businesses such as Internet healthcare. In the first half of the year, the Group's Internet healthcare business has achieved significant progress. The Group has established a comprehensive Internet healthcare platform, which provides convenient and efficient medical services for patients. The Group's Internet healthcare business has attracted a large number of patients, and the revenue has increased significantly. The Group's Internet healthcare business has become an important part of the Group's business. The Group will continue to explore and promote emerging businesses such as Internet healthcare, and strive to achieve higher quality and more efficient development.

The Group's Internet healthcare business has achieved significant progress. The Group has established a comprehensive Internet healthcare platform, which provides convenient and efficient medical services for patients. The Group's Internet healthcare business has attracted a large number of patients, and the revenue has increased significantly. The Group's Internet healthcare business has become an important part of the Group's business. The Group will continue to explore and promote emerging businesses such as Internet healthcare, and strive to achieve higher quality and more efficient development. The Group's Internet healthcare business has achieved significant progress. The Group has established a comprehensive Internet healthcare platform, which provides convenient and efficient medical services for patients. The Group's Internet healthcare business has attracted a large number of patients, and the revenue has increased significantly. The Group's Internet healthcare business has become an important part of the Group's business. The Group will continue to explore and promote emerging businesses such as Internet healthcare, and strive to achieve higher quality and more efficient development.

As a result, the Group's overall performance has improved, and the revenue has increased significantly. The Group's Internet healthcare business has become an important part of the Group's business. The Group will continue to explore and promote emerging businesses such as Internet healthcare, and strive to achieve higher quality and more efficient development.



Facing the impact of the pandemic, the Group continued to strengthen operations to create value

The Group adopted effective measures to reduce the impact of the COVID-19 pandemic on operations, including strengthening risk management, improving operational efficiency, and accelerating the implementation of strategic projects. The Group also continued to invest in research and development to enhance its core competitiveness.

In the first half of the year, facing the epidemic of COVID-19, the Group adopted effective measures to reduce the impact of the pandemic on operations, including strengthening risk management, improving operational efficiency, and accelerating the implementation of strategic projects. The Group also continued to invest in research and development to enhance its core competitiveness. (1) Strengthened risk management, improved operational efficiency, and accelerated the implementation of strategic projects. (2) Strengthened risk management, improved operational efficiency, and accelerated the implementation of strategic projects. (3) Strengthened risk management, improved operational efficiency, and accelerated the implementation of strategic projects. (4) Strengthened risk management, improved operational efficiency, and accelerated the implementation of strategic projects. (5) Strengthened risk management, improved operational efficiency, and accelerated the implementation of strategic projects. (6) Strengthened risk management, improved operational efficiency, and accelerated the implementation of strategic projects. (7) Strengthened risk management, improved operational efficiency, and accelerated the implementation of strategic projects. (8) Strengthened risk management, improved operational efficiency, and accelerated the implementation of strategic projects. (9) Strengthened risk management, improved operational efficiency, and accelerated the implementation of strategic projects.

In the first half of the year, in response to the impact of COVID-19, the Group adopted effective measures to reduce the impact of the pandemic on operations, including strengthening risk management, improving operational efficiency, and accelerating the implementation of strategic projects. The Group also continued to invest in research and development to enhance its core competitiveness. Affected by the epidemic, the Group's operating income decreased by 1,048,985 million yuan, a decrease of 20% compared with the same period of the previous year. The Group's operating profit decreased by 1,311,487 million yuan, a decrease of 17% compared with the same period of the previous year. The Group's net profit decreased by 7,681 million yuan, a decrease of 11% compared with the same period of the previous year. The Group achieved a stable and healthy development in the first half of the year, which laid a solid foundation for the Group's long-term and sustainable development.

Untuk mendapatkan, kegiatan ini dilaksanakan dengan cara mengorganisir, mengatur, mengawasi, mengontrol, dan mengevaluasi (收到、管好、上量); dan secara efektif dan efisien. Tujuan utama adalah sebagai berikut:

- (1) Kegiatan yang dilaksanakan adalah sebagai berikut, agar kegiatan ini efektif dan efisien, cara ini (收到、管好、上量) agar kegiatan ini dilaksanakan dengan cara yang efektif, efisien, dan produktif, dan ini adalah sebagai berikut;
- (2) Kegiatan ini dilaksanakan dengan cara yang efektif, efisien, dan produktif, dan ini adalah sebagai berikut, agar kegiatan ini dilaksanakan dengan cara yang efektif, efisien, dan produktif, dan ini adalah sebagai berikut;
- (3) Untuk mendapatkan, kegiatan ini dilaksanakan dengan cara yang efektif, efisien, dan produktif, dan ini adalah sebagai berikut, agar kegiatan ini dilaksanakan dengan cara yang efektif, efisien, dan produktif, dan ini adalah sebagai berikut;
- (4) Untuk mendapatkan, kegiatan ini dilaksanakan dengan cara yang efektif, efisien, dan produktif, dan ini adalah sebagai berikut, agar kegiatan ini dilaksanakan dengan cara yang efektif, efisien, dan produktif, dan ini adalah sebagai berikut;
- (5) Kegiatan ini dilaksanakan dengan cara yang efektif, efisien, dan produktif, dan ini adalah sebagai berikut, agar kegiatan ini dilaksanakan dengan cara yang efektif, efisien, dan produktif, dan ini adalah sebagai berikut;
- (6) Kegiatan ini dilaksanakan dengan cara yang efektif, efisien, dan produktif, dan ini adalah sebagai berikut, agar kegiatan ini dilaksanakan dengan cara yang efektif, efisien, dan produktif, dan ini adalah sebagai berikut;
- (7) Kegiatan ini dilaksanakan dengan cara yang efektif, efisien, dan produktif, dan ini adalah sebagai berikut, agar kegiatan ini dilaksanakan dengan cara yang efektif, efisien, dan produktif, dan ini adalah sebagai berikut.

FINANCIAL REVIEW

Results of Operations

During the Reporting Period, the total revenue was RMB180.7 million, an increase of 13.4% compared with RMB208.5 million for the Corresponding Period of the Previous Year, which mainly attributable to the increase in the income fees derived from Shanghai Yangsi Hospital\* (上海楊思醫院) (Yangsi Hospital) and Zhejiang Jinhua Guangfu Tumor Hospital\* (浙江金華廣福腫瘤醫院) (Jinhua Hospital) and the decrease in the income fees derived from Jiande Hospital\* (建德中醫院有限公司) (Jiande Hospital) in the period.

On the other hand, the increase in the income fees derived from the other hospitals, such as Cixi United Hospital\* (慈溪協和醫院) (Cixi Hospital) and Jinhua Hospital. During the Reporting Period, the total operating expenses were RMB101.0 million, an increase of 6.6% compared with RMB108.2 million for the Corresponding Period of the Previous Year. The decrease in the total operating expenses was mainly due to the impact of COVID-19 pandemic, which caused a decrease in the income fees derived from Shanghai Yangsi Hospital and Jinhua Hospital.

During the Reporting Period, the total operating profit was RMB79.6 million, an increase of 19.1% from RMB98.3 million for the Corresponding Period of the Previous Year. The increase in the operating profit was mainly due to the decrease in the income fees derived from Jiande Hospital in the period, which was offset by the decrease in the operating expenses of Jiande Hospital in the period affected by the COVID-19 pandemic.

Our adjusted profit of RMB96.4 million for the Reporting Period, decreased by 1.1% from RMB97.5 million for the corresponding period of the previous year, mainly due to the impact of COVID-19 epidemic, which caused a decrease in the average selling price of our products.

We recorded an administrative expense of RMB27.5 million for the Reporting Period, decreased by 14.1% from RMB32.0 million for the corresponding period of the previous year, mainly due to a decrease in the selling expenses for the Reporting Period.

We recorded an impairment loss of RMB68.3 million for the Reporting Period, a decrease of RMB4.4 million from RMB72.7 million for the corresponding period of the previous year. This is due to the impact of COVID-19 epidemic, which caused a decrease in the average selling price of our products.

We recorded an other receivables (e) of RMB3.6 million for the Reporting Period, decreased by 1.1% from RMB3.7 million for the corresponding period of the previous year, mainly due to the impact of COVID-19 epidemic, which caused a decrease in the average selling price of our products. The other receivables (e) also decreased by RMB6.7 million from RMB10.4 million for the corresponding period of the previous year, mainly due to the impact of COVID-19 epidemic, which caused a decrease in the average selling price of our products.

For the Reporting Period, the recorded depreciation expense of RMB56.5 million, increased by 9.1% from RMB51.8 million for the corresponding period of the previous year (depreciation expense for the corresponding period of the previous year was RMB1.0 million for the corresponding period of the previous year). With the increase in the average selling price of our products, the depreciation expense for the Reporting Period increased by RMB2.7 million from RMB2.0 million for the corresponding period of the previous year (mainly due to the impact of COVID-19 epidemic, which caused a decrease in the average selling price of our products), and the depreciation expense (e) for the Reporting Period increased by RMB6.5 million from RMB0.0 million for the corresponding period of the previous year.

Liquidity and Capital Resources

As at June 30, 2020, the available cash and cash equivalents were RMB1,249.4 million (as at December 31, 2019: RMB1,817.8 million). As at June 30, 2020, the company had completed the sale of RMB1,339.1 million (as at December 31, 2019: RMB1,277.5 million) of accounts receivable for RMB925.9 million (as at December 31, 2019: RMB492.9 million). As at June 30, 2020, the company's current ratio was 1.45, higher than the 1.25 as at December 31, 2019.

Operating activities provided cash and cash equivalents of RMB61.6 million for the period ended June 30, 2020, compared with RMB1,277.5 million for the period ended December 31, 2019. Investing activities used cash and cash equivalents of RMB433.0 million for the period ended June 30, 2020, compared with RMB492.9 million for the period ended December 31, 2019. Financing activities provided cash and cash equivalents of RMB925.9 million for the period ended June 30, 2020, compared with RMB925.9 million for the period ended December 31, 2019.

Operating activities provided cash and cash equivalents of RMB61.6 million for the period ended June 30, 2020, compared with RMB1,277.5 million for the period ended December 31, 2019. Investing activities used cash and cash equivalents of RMB433.0 million for the period ended June 30, 2020, compared with RMB492.9 million for the period ended December 31, 2019. Financing activities provided cash and cash equivalents of RMB925.9 million for the period ended June 30, 2020, compared with RMB925.9 million for the period ended December 31, 2019.

	Bank borrowings	
	As at	As at
	June 30, 2020	December 31, 2019
	RMB'000	RMB'000
Working capital	145,580	114,744
Bank borrowings	50,518	62,286
Bank borrowings	18,944	37,372
	<u>215,042</u>	<u>214,402</u>

As at June 30, 2020, the company's capital structure was as follows: total capital of RMB1,249.4 million, of which RMB1,249.4 million was contributed capital, representing 100% of the total capital. The company's capital structure is stable and sufficient to support the company's operations. As at June 30, 2020, the company's capital structure was as follows: total capital of RMB1,249.4 million, of which RMB1,249.4 million was contributed capital, representing 100% of the total capital.

EVENTS AFTER THE REPORTING PERIOD

The company has no significant events after the reporting period.

USE OF PROCEEDS FROM THE LISTING AND OTHER FUND RAISING ACTIVITIES

Use of proceeds from listing

The share of the Company was issued on the Main Board of the Stock Exchange of Hong Kong on March 16, 2017 (the "Listing Date"). The proceeds received by the Company from the public offering of the shares are in aggregate of HK\$465.6 million. The proceeds received from the public offering have been allocated to the various projects as set out in the prospectus. A detailed breakdown of the use of the proceeds is set out in the following table as at June 30, 2020 in respect of:

	Percentage to the total amount	Net Proceeds HK\$ million	Utilized Amount HK\$ million	Unutilized Amount HK\$ million	Expected time period
Strategic initiatives in China Finance in the e-commerce (e-commerce - finance)	50%	232.80	232.80	-	-
Pharmaceutical R&D	11%	51.22	44.69	6.53	The balance expected before the end of 2021
Upgrade of the facilities E-commerce e-commerce, efficiency each initiative	7%	32.59	32.59	-	-
Healthcare	6%	27.94	27.94	-	-
Engineering and equipment	5%	23.28	20.36	2.92	The balance expected before the end of 2021
Construction of each initiative and development of the affiliated companies	4%	18.62	12.35	6.27	The balance expected before the end of 2021
Upgrade of the information technology	7%	32.59	27.22	5.37	The balance expected before the end of 2021
Professional services, audit and advisory expenses	10%	46.56	46.56	-	-
	<u>100%</u>	<u>465.60</u>	<u>444.51</u>	<u>21.09</u>	

CONVERTIBLE BONDS

Vanguard Convertible Bonds

In the financial statements for the year ended 31 December 2018, the Company and Vanguard Glory Limited ("Vanguard Glory"), a wholly owned subsidiary of the Company, issued a convertible bond ("Vanguard Glory Convertible Bonds") on 25 January 2018, which, on 5 March 2018, the Company issued a Vanguard Glory Convertible Bond ("Vanguard Convertible Bonds") in a face value of HK\$468 million ("Vanguard Convertible Bonds") in a face value of HK\$18.00 per share. The Vanguard Convertible Bonds are convertible into ordinary shares of the Company at a conversion price of 26,000,000 shares of the Company (after giving effect to the adjustment). Under the terms of the Vanguard Convertible Bonds, the Company will

The interest of the Company has been paid on 25 January 2018, being the date which the interest of the Vanguard Convertible Bonds is due to be paid. The Vanguard Convertible Bonds are listed on the Hong Kong Stock Exchange with the ticker code 8017151 and the name "Medicare Management Limited 0.42145 convertible bond".

Hony Convertible Bonds

On March 29, 2018, the Company and Hony Capital Fund VIII (Canada), L.P. ("Hony Fund VIII") entered into a purchase agreement for the issuance of \$100 million of convertible bonds (the "Convertible Bonds") with a coupon rate of 0.5% per annum, maturing on March 29, 2023. The Convertible Bonds are convertible into common shares of the Company at a conversion price of \$10.00 per share.



LW Convertible Bonds

In the financial statements, December 21, 2018 and January 16, 2019, the Company and Leeward agreed to issue the convertible bonds (the "LW Convertible Bonds") in aggregate principal amount of HK\$800,000,000 at a coupon rate of 6% per annum. On February 27, 2019, the LW Convertible Bonds were issued at a price of HK\$1.00 each. The LW Convertible Bonds are convertible into shares of the Company at the option of the bondholders. The conversion price is HK\$20.00 per share (adjusted for stock splits and other corporate actions). Upon conversion, the LW Convertible Bonds will be converted into shares of the Company at a conversion rate of 5 shares of the Company for every HK\$100 of the LW Convertible Bonds.

The interest on the Company's debt as of January 16, 2019, being the date when the LW Convertible Bonds were issued, was HK\$16.18 million.

The proceeds from the issuance of HK\$800 million as of December 31, 2020 are recorded as follows: the proceeds from the issuance of the LW Convertible Bonds as of January 16, 2019. The Company has issued the convertible bonds in the amount of HK\$800 million, which is recorded in the financial statements as "Convertible Bonds Payable" under "Long-term Liabilities". The proceeds from the issuance of the LW Convertible Bonds are used for general corporate purposes. As of December 31, 2020, the proceeds from the issuance of the LW Convertible Bonds are as follows:

	Percentage to the total amount	Net Proceeds HK\$ million	Utilized Amount HK\$ million	Unutilized Amount HK\$ million
Convertible Bonds Payable	100%	800	-	800
Total	100%	800	-	800

As of December 31, 2020, the LW Convertible Bonds have been recorded as "Convertible Bonds Payable". The LW Convertible Bonds have been recorded as "Convertible Bonds Payable" as of December 21, 2018, January 16, 2019 and February 27, 2019 and the Company as of January 16, 2019.

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SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed herein, for the period ended June 30, 2020, the Group did not have any significant investments or future plans for material investments or capital assets.

EMPLOYEE AND REMUNERATION POLICIES

As at June 30, 2020, the Group had 473 full-time employees (as at June 30, 2019: 468). We provide a comprehensive employee benefit plan. The average monthly salary of full-time employees, excluding directors, for the period ended June 30, 2020, was RMB57.3 million (for the period ended June 30, 2019: RMB64.3 million).

MATERIAL ACQUISITIONS, FINANCING ACTIVITY AND DISPOSALS

As at June 30, 2020, the Group did not have any acquisitions, financings or disposals.

CONTINGENT LIABILITIES

As at June 30, 2020, the Group did not have any contingent liabilities.

INTERIM DIVIDEND

The Board of Directors has not decided to declare any interim dividends for the period ended June 30, 2020.

## DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at June 30, 2020, the interests of the directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (including the interests of the directors and chief executives of the Company or its associated corporation in the Shares, underlying Shares and debentures of the Company or its associated corporation) are as follows:

## Long positions in the Shares and underlying Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest <sup>(2)</sup>
M. Li L.	Individual	9,098,800 <sup>(1)</sup>	6.58%

Note:

(1) M. Li L. is the general partner of Hefei Kang'ang Capital Management Partnership Limited (合肥康養資本管理合夥企業(有限合夥)), which holds 55% of the shares of Anhui Zhong'an Health Investment Management Co., Ltd. (安徽中安健康投資管理有限公司) ('Anhui Zhong'an'). Anhui Zhong'an Health Investment Management Co., Ltd. is the general partner of Anhui Zhong'an Health Elderly Care Service Investment Partnership Limited (安徽省中安健康養老服務產業投資合夥企業(有限合夥)) ('Anhui Zhong'an LP'), which is a limited liability partnership in the PRC and is held by M. Li L. through Anhui Zhong'an.

(2) As at June 30, 2020, the total number of Shares of the Company is 138,194,000.

Since the date of the audit report, as of June 30, 2020, the Company has not received any notification from the shareholders regarding the change of the Company's capital structure. The Company's capital structure is as follows: (i) the Company has issued 1,000,000,000 shares of ordinary shares, of which 123,000,000 shares are held by the Company's founders and 877,000,000 shares are held by the public. (ii) the Company has issued 161,693,985 shares of convertible preferred shares, of which 161,693,985 shares are held by the Company's founders and 0 shares are held by the public. (iii) the Company has issued 38,693,985 shares of convertible preferred shares, of which 38,693,985 shares are held by the Company's founders and 0 shares are held by the public. (iv) the Company has issued 9,098,800 shares of convertible preferred shares, of which 9,098,800 shares are held by the Company's founders and 0 shares are held by the public. (v) the Company has issued 40,000,000 shares of convertible preferred shares, of which 40,000,000 shares are held by the Company's founders and 0 shares are held by the public.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As of June 30, 2020, the following persons (including the Company's directors and chief executive officer of the Company) had beneficial ownership of the Company's shares and underlying shares of the Company. The Company has not received any notification from the shareholders regarding the change of the Company's capital structure. The Company's capital structure is as follows: (i) the Company has issued 1,000,000,000 shares of ordinary shares, of which 123,000,000 shares are held by the Company's founders and 877,000,000 shares are held by the public. (ii) the Company has issued 161,693,985 shares of convertible preferred shares, of which 161,693,985 shares are held by the Company's founders and 0 shares are held by the public. (iii) the Company has issued 38,693,985 shares of convertible preferred shares, of which 38,693,985 shares are held by the Company's founders and 0 shares are held by the public. (iv) the Company has issued 9,098,800 shares of convertible preferred shares, of which 9,098,800 shares are held by the Company's founders and 0 shares are held by the public. (v) the Company has issued 40,000,000 shares of convertible preferred shares, of which 40,000,000 shares are held by the Company's founders and 0 shares are held by the public.

### Long positions in the Shares and underlying Shares of the Company

Name of Shareholder	Capacity/Nature of interest	Number of Shares or underlying Shares of the Company	Approximate percentage of shareholding interest <sup>(7)</sup>
Vagadong	Beneficial owner	123,000,000	89.01%
Hu Cai Fang, L.P. <sup>(2)</sup>	Beneficial owner	123,000,000	89.01%
Hu Cai Fang GP, L.P. <sup>(2)</sup>	Beneficial owner	123,000,000	89.01%
Hu Cai Fang GP Limited <sup>(2)</sup>	Beneficial owner	123,000,000	89.01%
Hu Guang Maogeli Limited <sup>(2)(3)</sup>	Beneficial owner	161,693,985	117.01%
Hu Maogeli Limited <sup>(2)(3)</sup>	Beneficial owner	161,693,985	117.01%
Ereia Fengeli Limited <sup>(2)(3)</sup>	Beneficial owner	161,693,985	117.01%
Hu Feng VIII <sup>(3)</sup>	Beneficial owner	38,693,985	28.00%
Hu Cai Fang VIII GP (Canada), L.P. <sup>(3)</sup>	Beneficial owner	38,693,985	28.00%
Hu Cai Fang VIII GP (Canada) Limited <sup>(3)</sup>	Beneficial owner	38,693,985	28.00%
M. Zhang Hua <sup>(4)</sup>	Beneficial owner	161,693,985	117.01%
Ahizhang LP <sup>(5)</sup>	Beneficial owner	9,098,800	6.58%
Ahizhang <sup>(5)</sup>	Beneficial owner	9,098,800	6.58%
Hefei Kangyang Capital Management Hebei Enterprise (Limited Partnership) <sup>(5)</sup> (合肥康養資本管理合夥企業(有限合夥)) <sup>(5)</sup>	Beneficial owner	9,098,800	6.58%
Ahizhang Elite Fund Management Co., Ltd. <sup>(5)</sup> (安徽創谷股權投資基金管理有限公司) <sup>(5)</sup>	Beneficial owner	9,098,800	6.58%
M. Ni Yang <sup>(5)</sup>	Beneficial owner	9,098,800	6.58%
Lea Wang Limited <sup>(6)</sup>	Beneficial owner	40,000,000	28.94%
Legend Healthcare <sup>(6)</sup>	Beneficial owner	40,000,000	28.94%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

- (1) VagadG i a h - ed b idia fH F dV, L.P. a dh d (a) 97,000,000 hae f heC a a d (b) c e ibe b d i ed b heC a , hich ca bec e edi 26,000,000 hae f heC a a d e e e a i ae 18.81% f he i ed ha e ca ia f heC a a fJ e 30, 2020. F f he de ai , ea e efe he eci headed 'C e ibe B d 'i hi e .
- (2) H Ca ia F dV, L.P. i a e e ed i ied a e hi f ed de he a f he Ca a l a d a a i e e ehice. The ge ea a e fH Ca ia F dV, L.P. i H Ca ia F dV GP, L.P., h e ge ea a e i H Ca ia F dV GP Li ied. H Ca ia F dV GP Li ied i h ed b H G Ma age e Li ied, 80% e i i e e f hich i hed b H Ma agi g Pa e Li ied, hich i i h ed b E e ia F e G Li ied. E e ia F e G Li ied i hed a 49% b M. Zha J h H a . M. Zha J h H a i a di ec fH Ca ia F dV GP Li ied, H G Ma age e Li ied, H Ma agi g Pa e Li ied a d E e ia F e G Li ied.
- (3) H Ca ia F dVIII (Ca a ), L.P. i a e e ed i ied a e hi f ed de he a f he Ca a l a d a a i e e ehice. The ge ea a e fH Ca ia F dVIII (Ca a ), L.P. i H Ca ia F dVIII GP (Ca a ), L.P., h e ge ea a e i H Ca ia F dVIII GP (Ca a ) Li ied. H Ca ia F dVIII GP (Ca a ) Li ied i h - ed b H G Ma age e Li ied, 80% e i i e e f hich i hed b H Ma agi g Pa e Li ied, hich i i h - ed b E e ia F e G Li ied. E e ia F e G Li ied i hed a 49% b M. Zha J h H a . M. Zha J h H a i a di ec fH Ca ia F dVIII GP (Ca a ) Li ied, H G Ma age e Li ied, H Ma agi g Pa e Li ied a d E e ia F e G Li ied.
- (4) M. Zha J h H a i dee ed be i e e di a a f 161,693,985 hae f heC a ha a e h ed b h i c ed c ai , VagadG a dH F dVIII. VagadG h d 97,000,000 hae f heC a a d h d c e ibe b d i ed b heC a ha ca bec e edi 26,000,000 hae f heC a . H F dVIII h d c e ibe b d i ed b heC a ha ca bec e edi 38,693,985 hae f heC a . F f he de ai , ea e efe he eci headed 'C e ibe B d 'i hi e .
- (5) A h i Zh g'a LP i a i ied a e hi f ed de he a f he PRC a a i e e ehice. The ge ea a e f A h i Zh g'a LP i A h i Zh g'a , hich i j i hed a 55% b Hefei Ka g a g Ca ia Ma age e Pa e hi (Li ied Pa e hi ) (合肥康養資本管理合夥企業(有限合夥)) a d a 45% b A h i Ch a gg E i l e e F d Ma age e C . L.d. (安徽創谷股權投資基金管理有限公司). M. Ni Ya gi e f he ge ea a e f Hefei Ka g a g Ca ia Ma age e Pa e hi (Li ied Pa e hi ) (合肥康養資本管理合夥企業(有限合夥)). M . Li L i a di ec f A h i Zh g'a a d A h i Ch a gg E i l e e F d Ma age e C . L.d. (安徽創谷股權投資基金管理有限公司).
- (6) Lea Wa e Li ied, hich i h - ed b Lege d H di g C ai , h d c e ibe b d i ed b heC a ha ca bec e ibe i 40,000,000 hae f heC a , e e e i ga i ae 28.94% f he i ed ha e ca ia f heC a a fJ e 30, 2020. F f he de ai , ea e efe he eci headed 'C e ibe B d 'i hi e .
- (7) A a J e 30, 2020, he a be fi ed hae f heC a a 138,194,000.

## SHARE-BASED PAYMENT SCHEMES

- (a) Pre-IPO Share Appreciation Rights Scheme

## (b) Share Incentive Scheme

On October 24, 2017, Vanguard Group established a share incentive scheme (the 'Share Incentive Scheme') which aims to benefit a group of employees (collectively referred to as the 'Share Incentive Grantees') and each a 'Share Incentive Grantee'). Pursuant to the Share Incentive Scheme, Vanguard Group granted 6,412,201 shares of the Share Incentive Grantee's ordinary shares to the beneficiaries of Vanguard Group at an exercise price of HK\$14.35 per share, subject to certain conditions.

In 2018, pursuant to the Share Incentive Grantee's agreement with Vanguard Group, the company agreed to issue the shares to the grantee at a price of \$14.35 per share. The company also agreed to issue 25% of the shares of Vanguard Group to the grantee at a price of \$14.35 per share, and the company also agreed to issue 75% of the shares of Vanguard Group to the grantee at a price of \$14.35 per share. The company also agreed to issue the shares of Vanguard Group to the grantee at a price of \$14.35 per share. The company also agreed to issue the shares of Vanguard Group to the grantee at a price of \$14.35 per share.

In 2019, pursuant to the Share Incentive Grantee's agreement with Vanguard Group, the company agreed to issue the shares to the grantee at a price of \$14.35 per share. The company also agreed to issue 50% of the shares of Vanguard Group to the grantee at a price of \$14.35 per share, and the company also agreed to issue 50% of the shares of Vanguard Group to the grantee at a price of \$14.35 per share. The company also agreed to issue the shares of Vanguard Group to the grantee at a price of \$14.35 per share. The company also agreed to issue the shares of Vanguard Group to the grantee at a price of \$14.35 per share.

The company also agreed to issue the shares of Vanguard Group to the grantee at a price of \$14.35 per share. The company also agreed to issue the shares of Vanguard Group to the grantee at a price of \$14.35 per share. The company also agreed to issue the shares of Vanguard Group to the grantee at a price of \$14.35 per share.



(c) Post-IPO Share Appreciation Rights Scheme

We adopted a Post-IPO Share Appreciation Rights Scheme (the 'Post-IPO SARs Scheme') on December 13, 2016 to enable the Company to grant the Post-IPO Share Appreciation Rights (the 'Post-IPO SARs') to Post-IPO SAR Eligible Participants (as defined below) and to define the eligibility criteria for the Company to award the Post-IPO SARs Scheme to the eligible participants. The Post-IPO SAR Scheme is designed to help attract and retain key employees of the Company. Under the Scheme, directors, executives, and other employees, including full-time employees, part-time employees, and other employees, who have been identified by the Board as eligible participants of the Post-IPO SARs Scheme (the 'Post-IPO SARs Eligible Participants') shall, in the event of the termination of their employment with the Company, be eligible to receive cash awards based on the appreciation of the Company's share price as specified in the Post-IPO SAR Scheme. The Post-IPO SAR Eligible Participants shall accept the terms and conditions of the Scheme.

Under the Post-IPO SAR Scheme, the Company shall grant the Post-IPO SARs to the eligible participants. Since the Listing Date of the Company, the Post-IPO SARs had been granted under the Post-IPO SAR Scheme.

Since the Listing Date of the Company, the Company has granted the Post-IPO SARs to the eligible participants.

Under the Scheme, the Company shall grant the Post-IPO SARs to the eligible participants.

CONTINUING CONNECTED TRANSACTIONS

## Annual caps and historical transaction amounts

### *Annual cap for the Medici eP c e e Agree e*

The annual cap for the historical transactions entered into by the Medici eP c e e Agree e for each of the years from 2019 to 2021 are as follows: RMB50 million for each year.

### *Annual cap for the Medica C abe a dEi i e P c e e Agree e*

The annual cap for the historical transactions entered into by the Medica C abe a dEi i e P c e e Agree e for each of the years from 2019 to 2021 are as follows: RMB7 million, RMB8 million and RMB9 million, respectively.

### *Historical transactions*

During the period from January 30, 2020, the historical transactions, including the historical transactions entered into by the Medici eP c e e Agree e and the Medica C abe a dEi i e P c e e Agree e, amounted to RMB13,862,000, consisting of (i) RMB10,881,000 and Zhejia g Zh g if the historical transactions; and (ii) RMB2,981,000 and Zhejia g Dajia f the historical transactions. The historical transactions entered into by the Medici eP c e e Agree e and the Medica C abe a dEi i e P c e e Agree e, respectively, did not exceed the annual cap for each year.

## Internal control procedures

The internal control procedures, including the internal control procedures for the historical transactions, are as follows:

- (i) The historical transactions entered into by the Medici eP c e e Agree e and the Medica C abe a dEi i e P c e e Agree e, respectively, are subject to the internal control procedures of the Medici eP c e e Agree e and the Medica C abe a dEi i e P c e e Agree e, respectively;
- (ii) The historical transactions entered into by the Medici eP c e e Agree e and the Medica C abe a dEi i e P c e e Agree e, respectively, are subject to the internal control procedures of the Medici eP c e e Agree e and the Medica C abe a dEi i e P c e e Agree e, respectively;
- (iii) The historical transactions entered into by the Medici eP c e e Agree e and the Medica C abe a dEi i e P c e e Agree e, respectively, are subject to the internal control procedures of the Medici eP c e e Agree e and the Medica C abe a dEi i e P c e e Agree e, respectively.

The independent Director of the Company is also a director of the CCT. He has the agreed conditions in the agreement with the CCT (the 'Agreements') and the independent Director of the Company is also a director of the CCT. The Agreements are effective from December 31, 2020, and the independent Director of the Company is also a director of the CCT. The Agreements are effective from December 31, 2020.

Public Float

Based on the latest available information, the Company has a public float of 25%.

CHANGES TO DIRECTORS' INFORMATION

Save as disclosed elsewhere in this report, there are no changes to the information of the Directors.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the Code as set out in the Corporate Governance Code (the 'CG Code') contained in Article 14 of the Rules Governing the Listing of Securities. The Secretary Hong Kong Limited ('Listing Rules'). Except as disclosed below, the Board complies with the relevant provisions of the CG Code. The Company is also in compliance with the CG Code.

Pursuant to A.2.1 of the CG Code, the Company has appointed the Chief Executive Officer (the 'CEO') and the Chairman of the Board. Mr. SHAN Guohua is the CEO and Mr. ZHAO Junhua is the Chairman of the Board as of December 23, 2020. On the same date, Mr. CHEN Shaohua ('Mr. CHEN') has been appointed as the Chairman of the Board and the acting Chief Executive Officer. Mr. CHEN is also the acting Chief Executive Officer of the Board and the acting Chief Executive Officer. The Board is confident in the ability of the acting Chief Executive Officer to comply with A.2.1 of the CG Code. In addition, the Board has appointed Mr. CHEN as the acting Chief Executive Officer of the Company and the acting Chairman of the Board.

## COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding the acceptance of gifts from the Company's directors and employees (hereinafter referred to as the "Code") (the "Securities Dealing Code") to ensure the integrity of the Company's business operations. The Code is effective from the date of its adoption and is subject to the Company's internal control system. The Company's directors and employees are required to comply with the Code and the Securities Dealing Code in their business activities.

## AUDIT COMMITTEE

The Audit Committee was established on December 30, 2020. The Audit Committee consists of three members: Mr. Zhou Xiangliang (周向亮) (Chairman) and Mr. Shi Lue (史録文), a director, and Ms. Shi Wenting (石文婷). The Audit Committee is responsible for supervising and reviewing the Company's financial reporting and internal control system.

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

The Company's financial statements have been audited by the Company's independent auditor.

## FINANCIAL INFORMATION

The Company's financial statements for the period ending December 30, 2020 have been audited by the Company's independent auditor, PricewaterhouseCoopers, a member firm of the PwC network.

TO THE BOARD OF DIRECTORS OF HOSPITAL CORPORATION OF CHINA LIMITED

(in accordance with the applicable provisions)

## INTRODUCTION

We have reviewed the interim financial information of the Company (the "Company") for the period from January 1, 2020 to June 30, 2020, and the related financial statements. The review was conducted in accordance with the applicable provisions of the Accounting Standards for Enterprises and the relevant provisions of the Securities and Futures Commission (SFC) Listing Rules. The scope of the review was limited to the financial information presented in the interim financial statements. The review was conducted in accordance with the applicable provisions of the Accounting Standards for Enterprises and the relevant provisions of the Securities and Futures Commission (SFC) Listing Rules. The scope of the review was limited to the financial information presented in the interim financial statements. The review was conducted in accordance with the applicable provisions of the Accounting Standards for Enterprises and the relevant provisions of the Securities and Futures Commission (SFC) Listing Rules. The scope of the review was limited to the financial information presented in the interim financial statements.

## SCOPE OF REVIEW

We conducted the review in accordance with the applicable provisions of the Accounting Standards for Enterprises and the relevant provisions of the Securities and Futures Commission (SFC) Listing Rules. The scope of the review was limited to the financial information presented in the interim financial statements. The review was conducted in accordance with the applicable provisions of the Accounting Standards for Enterprises and the relevant provisions of the Securities and Futures Commission (SFC) Listing Rules. The scope of the review was limited to the financial information presented in the interim financial statements.

## CONCLUSION

Based on the review, we have concluded that the interim financial information presented in the interim financial statements is in accordance with the applicable provisions of the Accounting Standards for Enterprises and the relevant provisions of the Securities and Futures Commission (SFC) Listing Rules.

PricewaterhouseCoopers

Certified Public Accountant

Hong Kong, August 28, 2020

## IN ERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Six months ended June 30,	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Revenue	5	180,679	208,531
Cost of sales		<u>(99,977)</u>	<u>(124,088)</u>
Gross profit		80,702	84,443
Administrative expenses		(29,507)	(33,722)
Non-current asset impairment		(3,754)	
Loss on disposal of long-term investments	13	(668,219)	
Other income	6	3,492	515
Other gains	7	<u>5,344</u>	<u>42,579</u>
Operating (loss)/profit		(611,942)	93,815
Financial income	8	21,122	25,246
Financial cost	8	<u>(11,094)</u>	<u>(6,122)</u>
(Loss)/profit before income tax		(601,914)	112,939
Income tax expense	9	<u>34,922</u>	<u>(18,014)</u>
(Loss)/profit for the period		(566,992)	94,925
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the period		<u><u>(566,992)</u></u>	<u><u>94,925</u></u>
Attributable to:			
Owners of the Company		(535,403)	82,029
Non-controlling interests		<u>(31,589)</u>	<u>12,896</u>
Total comprehensive (loss)/income for the period		<u><u>(566,992)</u></u>	<u><u>94,925</u></u>
(Loss)/earnings per share from (loss)/profit attributable to owners of the Company			
Basic (cents)/earning per share (i RMB)	10	(3.874)	0.594
Diluted (cents)/earning per share (i RMB)	10	<u>(3.874)</u>	<u>0.005</u>

The above condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

## IN ERIM CONDENS ED CON OLIDA ED BALANCE HEE

N e	June 30, 2020 RMB' 000 (Unaudited)	Dece be 31, 2019 RMB' 000 (A di ed)
<b>ASSETS</b>		
<b>Non-current assets</b>		
P e , a a de i e	11 143,168	146,176
Righ - f- ea e	12 40,328	42,011
I a gibe a e	13 2,222,222	2,905,829
Defe ed i c e a a e	23 2,054	1,413
O he ecei abe , de i a d e a e	15 2,901	2,012
A d e f a e a e d a	16 80,000	80,000
<b>Total non-current assets</b>	<b>2,490,673</b>	<b>3,177,441</b>
<b>Current assets</b>		
I e ie	6,540	5,021
C ac a e	11,055	
T a de ecei abe	14 30,352	30,332
O he ecei abe , de i a d e a e	15 1,744	16,405
A d e f e a e d a ie	16 266,595	217,947
Fi a cia a e a fai a e h gh fi	4.3(i) 95,096	36,829
Te de i	5,261	134,370
Ca h a d ca h e i a e	922,493	836,624
<b>Total current assets</b>	<b>1,339,136</b>	<b>1,277,528</b>
<b>Total assets</b>	<b>3,829,809</b>	<b>4,454,969</b>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Sha e ca i a	17 123	123
Sha e e i	17 435,304	435,304
O he e e e	18 925,033	924,231
(Acc a ed e )/ e ai ed ea i g	(411,955)	123,448
<b>Non-controlling interests</b>	<b>948,505</b>	<b>1,483,106</b>
	<b>300,850</b>	<b>334,734</b>
<b>Total equity</b>	<b>1,249,355</b>	<b>1,817,840</b>

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IN ERIM CONDENSED CONSOLIDATED BALANCE SHEET CONTINUED

	Note	June 30, 2020 RMB'000 (Unaudited)	December 31, 2019 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	21	69,462	99,658
Contingent liabilities	22	1,284,486	1,693,430
Lease liabilities	12	316	650
Deferred consideration	23	300,153	350,087
Accruals, interest and other	20	175	362
		<u>1,654,592</u>	<u>2,144,187</u>
<b>Total non-current liabilities</b>			
<b>Current liabilities</b>			
Trade payables	19	16,978	13,325
Accruals, interest and other	20	81,399	78,860
Accounts receivable	16	20,947	23,749
Contract liabilities		112	539
Contract consideration		20,549	28,713
Borrowings	21	145,580	114,744
Contingent liabilities	22	403,257	
Lease liabilities	12	1,689	2,412
Other financial liabilities at fair value		235,351	230,600
		<u>925,862</u>	<u>492,942</u>
<b>Total current liabilities</b>			
<b>Total liabilities</b>			
		<u>2,580,454</u>	<u>2,637,129</u>
<b>Total equity and liabilities</b>			
		3,829,809	4,454,969

## IN ERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY

		Attributable to owners of the Company							
Note	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings/ (accumulated losses)	Sub-total	Attributable to non-controlling interests	Total equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<i>(Unaudited)</i>									
	Balance at January 1, 2020	123	-	435,304	924,231	123,448	1,483,106	334,734	1,817,840
	Change in:								
	Losses	-	-	-	-	(535,403)	(535,403)	(31,589)	(566,992)
	Share-based payments								
	Share incentive	-	-	-	802	-	802	-	802
	Dividends paid	-	-	-	-	-	-	(2,295)	(2,295)
	Balance at June 30, 2020	<u>123</u>	<u>-</u>	<u>435,304</u>	<u>925,033</u>	<u>(411,955)</u>	<u>948,505</u>	<u>300,850</u>	<u>1,249,355</u>

The above condensed consolidated statements of change in equity should be read in conjunction with the accompanying notes.

Note	Attributable to the Company						Attributable to the Minority	
	Share Capital	Reserves	Share Premium	Other Reserves	(Accumulated Losses)/	Subsidiaries	Minority Interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>(Unaudited)</i>								
Balance at January 1, 2019	123	*	432,993	910,458	(19,172)	1,324,402	343,582	1,667,984
Change in equity								
Profit for the period					82,029	82,029	12,896	94,925
Share-based payments	17	*	2,311			2,311		2,311
Share-based payments								
Share-based payments	18			311		311		311
Share-based payments	18			4,010		4,010		4,010
Balance at June 30, 2019	<u>123</u>	<u>*</u>	<u>435,304</u>	<u>914,779</u>	<u>62,857</u>	<u>1,413,063</u>	<u>356,478</u>	<u>1,769,541</u>

\* The balance is in RMB500.

The above condensed consolidated statements of change in equity should be read in conjunction with the accompanying notes.

## IN ERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Note	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
<b>Cash flows from operating activities</b>		
Cash generated from operations	44,935	17,725
Interest received	216	216
Income tax paid	(23,817)	(21,651)
<b>Net cash generated from/(used in) operating activities</b>	<b>21,334</b>	<b>(3,710)</b>
<b>Cash flows from investing activities</b>		
Payments for acquisition of subsidiaries	(6,216)	(5,778)
Payments for acquisition of other investments	-	(178)
Payments for acquisition of associates	4.3(iii) (167,360)	-
Payments for acquisition of other investments	(1,535)	(2,008)
Proceeds from disposal of subsidiaries	(5,261)	-
Proceeds from disposal of other investments	(23,157)	(38,573)
Proceeds from disposal of associates	4.3(iii) 109,168	68,730
Interest received from disposal of subsidiaries	4.3(iii) 106	-
Interest received from disposal of other investments	7,758	3,032
Refund of income tax	15,000	-
Redemption of debt instruments	134,370	-
<b>Net cash generated from investing activities</b>	<b>62,873</b>	<b>25,225</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	30,100	40,000
Proceeds from other borrowings	-	682,160
Repayment of bank borrowings	(489)	(28,124)
Repayment of other borrowings	(31,929)	(41,759)
Payments for acquisition of equity investments	(7,323)	(7,201)
Payments for acquisition of other investments	-	(1,623)
Payments for acquisition of associates	(1,097)	(948)
Dividends received from subsidiaries	(2,295)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(13,033)</b>	<b>642,505</b>
<b>Net increase in cash and cash equivalents</b>	<b>71,174</b>	<b>664,020</b>
Cash and cash equivalents at the beginning of the period	836,624	195,521
Effect of exchange rate changes on cash and cash equivalents	14,695	21,856
<b>Cash and cash equivalents at the end of the period</b>	<b>922,493</b>	<b>881,397</b>

The above condensed consolidated statements of cash flows have been audited by the independent member of the audit firm.

# NO E O HE IN ERIM CONDEN ED CON OLIDA ED FINANCIAL INFORMA ION

## 1 GENERAL INFORMATION

H ia C a i f Chi a Li ed ('he C a ') a ic a ed i he Ca a l a d Feb a 21, 2014 a a e e ed c a i h i i ed i a b i i de he C a i e La (Ca .22, La 3 f 1961 a c ida ed a d e i ed) f he Ca a l a d . The add e f he C a ' egi e ed ffice i PO B 309, Uga d H e, Ga d Ca a , KY1-1104, Ca a l a d .

The C a , ge he i h i b idia i e (c e c i e e f e ed a 'he G '), a e i c i a e g a g e d i (i) e a i a d a a g e e f i i a e e d h i a ; (ii) i i f a a g e e a d c a i e i c e h e e - f - f i h i a a d (iii) h e a e f h a a c e i c a d c i h e P e ' R e b i c f Chi a (he 'PRC').

The C a i c e d b Va g a d G Li ed ('Va g a d G '), a b idia f H Ca i a F d V, L.P., h i c i c i d e e d a h e i a e h d i g c a f he C a .

The d i a h a e f he C a e e i ed h e M a i B a d f he S c r E c h a g e f H g K g Li ed M a c h 16, 2017.

The i e i c d e e d c i d a e d f i a c i a i f a i i e e e d i R e i b i ('RMB') a d d e d e a e h a d a , e h e i e a e d .

## 2 BASIS OF PREPARATION

The i e i c d e e d c i d a e d f i a c i a i f a i f h e i h e d e d J e 30, 2020 h a b e e e a e d i a c c d a c e i h l e a i a A c c i g S a d a d ('IAS') 34, 'l e i f i a c i a e i g'. The i e i c d e e d c i d a e d f i a c i a i f a i d e i c d e a h e i f a i a i c d e d i a a a f i a c i a a e e a d h h d b e e a d i c j c i i h h e a a f i a c i a a e e f h e G f h e e a e d e d D e c e b e 31, 2019, h i c h a e b e e e a e d i a c c d a c e i h l e a i a F i a c i a R e i g S a d a d ('IFRS'), a d a b i c a c e e a d e b h e C a d i g h e i h e d e d J e 30, 2020.

The a c c i g i c i e a d e d a e c i e i h h e f h e a a f i a c i a a e e f h e e a e d e d D e c e b e 31, 2019, a d e c i b e d i h e a a f i a c i a a e e , e c e f h e a d i f e a d a e d e d a d a d a e b e .

### (a) New and amended standards adopted by the Group

A b e f e a e d e d a d a d b e c a e a i c a b e f h e c e e i g e i d . The g d i d h a e c h a g e i a c c i g i c i e a r e e e c i e a d j e a a e f a d i g h e e a d a d .

2 BASIS OF PREPARATION *continued*

(b) Impact of standards issued but not yet adopted by the Group

Acc di g he a e d e IAS 1, hich i be effec i e f a a e i d begi i g

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *continued*

4.3 Fair value estimation

(i) Fair value hierarchy

This section describes the judgment made in determining the fair value of the financial instruments held at the reporting date. The Group has categorized the financial instruments into three levels based on the inputs used in the valuation. Assets and liabilities are classified into Level 1, Level 2 or Level 3 based on the following criteria:

The following table shows the Group's financial instruments measured at fair value as at June 30, 2020 and December 31, 2019.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<i>(Unaudited)</i>				
As at June 30, 2020				
Assets				
Financial assets at fair value through profit or loss ('FVPL')				
Measures of fair value		95,096		95,096
<b>Total assets</b>		<b>95,096</b>		<b>95,096</b>
Liabilities				
Financial liabilities at FVPL				
Contractual (Net)			1,687,743	1,687,743
<b>Total liabilities</b>			<b>1,687,743</b>	<b>1,687,743</b>

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *c i ed*

4.3 Fair value estimation *c i ed*

(i) *Fai a ehie ach c i ed*

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<i>(Audited)</i>				
As at December 31, 2019				
Assets				
Fi a cia a e a FVPL				
M ea f d ihf a ig a e		36,229		36,229
Ca i ac i e b idia i e ' e ai i gi ee			600	600
Total assets		36,229	600	36,829
Liabilities				
Fi a cia iabiiie a FVPL				
C e ibeb d			1,693,430	1,693,430
Total liabilities			1,693,430	1,693,430

The e ee a fe be ee ee 1,2 a d 3 d i g he e i d.

The G ' ic i ec gie a fe i a d a fe f fai a ehie ach ee a a hee d f he e i g e i d.

Le e 1: The fai a e ffi a cia i e aded i acie are ( cha bic aded deiaie , a de i ec iie ) i ba ed ed are ice a hee d f he e i g e i d. The ed are ice ed f fi a cia a e he d b he G i he c e bid ice. The ei e ae ic ded i ee 1.

Le e 2: The fai a e ffi a cia i e ha ae aded i a acie are ( fe a e , e - he - c e deiaie ) i de e i ed i g a ai ech i e hich aiie he e f be abe are daa a de a i ea i be e i - ecifice i ae . I f a i g ifica i e i ed fai a ea i e ae be abe , he i e i ic ded i ee 2.

Le e 3: I f e e f he i g ifica i i ba ed be abe are daa , he i e i ic ded i ee 3.



4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *c i ed*

4.3 Fair value estimation *c i ed*

(ii) *Va a i ech i e ed de e i e fai a e*

Specific a a i ech i e ed a e fi a cia i e i c de:

- The use of quoted market prices or dealer quotes for similar instruments, and
- For call option and convertible bonds – option pricing models (e.g. binomial model).

(iii) *Fai a e ea e e i g ig ifica b e a b e i (e e 2)*

The f i g a b e e e he cha ge i e e 2 i e f he i h e ded J e 30, 2020.

	M e a f d i h f a i g a e RMB'000
<i>(Unaudited)</i>	
Opening balance as at January 1, 2020	36,229
Add i	167,360
Se e e	(109,274)
Gai ec g i ed i he gai e *	781
Closing balance as at June 30, 2020	95,096
* I c de e a i ed gai ec g i ed i fi a i b a b e ba a ce he d a he e d f he e i g e i d	675

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *c i ed*

4.3 Fair value estimation *c i ed*

(i) *Fai a e ea e e i g ig ifica b e a b e i (e e 3)*

The f i g a b e e e h e c h a g e i e e 3 i e f h e i h e d e d J e 30, 2020.

	Ca i a c i e b i d i a i e ' e a i g i e e RMB' 000	C e i b e b d (N e 22) RMB' 000	T a RMB' 000
<i>(Unaudited)</i>			
Opening balance as at January 1, 2020	600	(1,693,430)	(1,692,830)
Gai e c g i e d i h e g a i e *	<u>(600)</u>	<u>5,687</u>	<u>5,087</u>
Closing balance as at June 30, 2020	<u><u>          </u></u>	<u><u>(1,687,743)</u></u>	<u><u>(1,687,743)</u></u>
* I c d e e a i e d ( e )/g a i e c g i e d i f i a i b a b e b a a c e h e d a h e e d f h e e i g e i d	<u><u>(600)</u></u>	<u><u>5,687</u></u>	<u><u>5,087</u></u>

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *c i ed*

4.3 Fair value estimation *c i ed*

(i) *Fai a e ea e e i g ig ifica b e abei (e e 3) c i ed*

(a) *C e ibeb d*

Ma age e ha e ie ed a d a e ed he a ai e i ed b a i de e de a e a d iced he fai a e f he c e ibeb d a f J e 30, 2020 a ai i aced b he b d ied, hich a de e i ed b fac i c di g a r e i e e a e , he c e ibeb d ' i r a e , he c e ibeb d ' e i a i da e a d he a i i f he C a ' c r i ce.

The de ai f each c e ibeb d ea e efe N e 22.

4.4 Fair value of financial assets and liabilities measured at amortized cost

The fai a e f he f i g fi a cia a e a d iabi i e a e a e i a diffe e hei ca i g a , i ce he i e e ecei abe/ a abei ei he c e c e a r e a e he i e a e h - e i a e:

- Trade receivables
- Contract assets
- Other receivables, deposits and prepayments
- Amounts due from related parties
- Term deposits
- Cash and cash equivalents
- Trade payables
- Contract liabilities
- Accruals, other payables and provisions (excluding non-financial liabilities)
- Amounts due to related parties
- Borrowings
- Lease liabilities

5 SEGMENT INFORMATION

O e a i g e g e a e e e d i a a e c i e i h h e i e a e i g i d e d h e c h i e f e a i g d e c i i - a r e ('C O D M'). T h e C O D M, h i e i b e f a c a i g e c e a d a e i g e f a c e f h e e a i g e g e, h a b e e i d e i f i e d a h e e e c i e d i e c c h i e f e e c i e o f f i c e f h e C a h a a r e a e g i c d e c i i.

T h e C O D M c o n s i d e r s t h e b i e f b h h e e i c e a d d c e e c i e. W h e n t h e G c a i e h a e i i a e c i c h a c e i i c, a d h e e g e a e i i a i e a c h f h e f i g e e c: (i) h e a e f h e d c a d e i c e; (i i) h e a e f h e d c i c e e; (i i i) h e e c a f c e f h e i d c a d e i c e; (i v) h e e h d e d d i b e h e i d c i d e h e i e i c e; a d (v) i f a i c a b e, h e a e f h e e g a e i e, h e G ' e a i g e g e a e a g g e g a e d. I n t h e i e f C O D M, h e G i i c i a e g a g e d i h e e d i f f e e g e h i c h a e b j e c t d i f f e e b i e i r a d d i f f e e c i c h a c e i i c.

T h e G a e e h e e f a c e f h e e a i g e g e b a e d a e a e f e a i g b e f e i e e, i c e a, d e e c i a i a d a i a i ('E B I T D A'). T h e G ' e a i g a d e a b e e g e f e g e e i g e a e a f:

(a) General hospital services

R e e f h i e g e i g e e a e d i h e P R C a d d e i e d f h i a e i c e i d e d b J i a d e H i a f T a d i i a C h i e e M e d i c i e C., L d. ('J i a d e H i a'), J i a d e D a j i a C h i e e M e d i c i e P h a c e i c a T e c h g C., L d. ('D J P h a c e i c a T e c h g') a d J i a d e X i i P h a c C., L d. ('X i i P h a c') f h e i h e d e d J e 30, 2020.

F g e e a h i a e i c e, e e e i a i d e i e f h i g h d i e i f i e d i d i d a a i e a d i g e a i e c i b e d 1% e f h e G ' e e c i e e e e f h e i h e d e d J e 30, 2020 a d 2019, e e c i e.

(b) Hospital management services

R e e f h i e g e i g e e a e d i h e P R C a d d e i e d f i d i g c e h e i e a a g e e e i c e a d e c e i g a a g e e e i c e f e e b W e i r a g l e e M a a g e e C., L d. ('W e i r a g l e e'), T i b e D a i H g h e R i i B i e M a a g e e C., L d. ('H g h e R i i'), C i i H g h e M e d i c a M a a g e e C., L d. ('C i i H g h e') a d Z h e j i a g H g h e Z h i a M e d i c a T e c h g C., L d. ('Z h e j i a g H g h e Z h i a').

**5 SEGMENT INFORMATION *c i ed***

**(b) Hospital management services *c i ed***

P a he h ia a age e fa e r age e e a d he e e fi e ig ed b Weira g l e e a d Sha ghai Ya gi H ia ('Ya gi H ia') Ja a 1, 2013 a d Oc be 8, 2014, e ecie , he g- e h ia a age e age e e ig ed b H ghe R ii a d Ya gi H ia Ja a 1, 2016 a d he 3- ea h ia a age e age e e ig ed b Weira g l e e a d H ghe R ii ih Ya gi H ia Ja a 1, 2020, c eig he eid f 2020 2022, Weira g l e e a d H ghe R ii ha e ided a age e a dc a c e ice Ya gi H ia i ha eid f 50 ea f 2016 2065 a d he a age e fee i be cac a ed ba ed e- e f a e i he 3- ea h ia a age e age e e acc di g .

Ci i H ghe had e e edi a e e fi e ih Ci i U i H ia ('Ci i H ia') Feb a 1, 2018 a d ig ed a e e a e e fi e ih Ci i H ia Mach 7, 2018. P a he e e fi e , Ci i H ghe ha ided a age e a dc a c e ice Ci i H ia i ha eid f 50 ea f 2018 2067. O Mach 26, 2018, Ci i H ghe e e edi a 5- ea h ia a age e age e e ih Ci i H ia c eig he eid f 2018 2022. P a he h ia a age e age e e , Ci i H ghe ca deie a age e fee ba ed he e- e f a e i he 5- ea h ia a age e age e e .

Zhejia g H ghe Zhi a had e e edi a 50- ea h ia a age e e e fi e ih Zhejia g Ji h a G a gf O c gica H ia ('Ji h a H ia'), c eig he eid f Ja a 1, 2017 Dece be 31, 2066. P a he Ji h a H ia e e fi e , Zhejia g H ghe Zhi a ha age ed ide c a c a d a age e e ice Ji h a H ia, a d Ji h a H ia ha age ed a Zhejia g H ghe Zhi a a age e e ice fee . The de aied e ice c e a d i c i g a e c c ded a d effecie i a e a a e 3- ea h ia a age e age e e hich a ig ed b Zhejia g H ghe Zhi a a d Ji h a H ia, c eig he eid f 2020 2022. P a he 3- ea h ia a age e age e e , he a age e fee ha bee cac a ed ba ed he e- e f a .

**(c) Wholesale of pharmaceutical products**

Re e e f hi eg e i ge e a ed i he PRC a d i de i ed f h e a e f ha ace ica d c a Zhejia g Dajia Medici e C ., L d. ('DJ Medici e ') a d i b idia , H ghe (Ji h a) Pha ace ica C ., L d.

**(d) Unallocated**

The 'U a ca ed' ca eg ai e e e he head a e i c e a d e e e .

5 SEGMENT INFORMATION *continued*

Segment information by geographical region is presented below:

	General hospital services RMB' 000	Hospital management services RMB' 000	Wholesale of pharmaceutical products RMB' 000	Unallocated RMB' 000	Total RMB' 000
<i>(Unaudited)</i>					
Six months ended June 30, 2020					
Segment revenue	79,568	100,988	123	-	180,679
Revenue from operations	79,568	100,988	123	-	180,679
Operating expenses					
Administrative	43,580	-	123	-	43,703
Operating	35,988	100,988	-	-	136,976
	79,568	100,988	123	-	180,679
EBITDA	(238,327)	(342,178)	(316)	-	(580,821)
Depreciation	(4,347)	(935)	(291)	(974)	(6,547)
Amortization	(3,787)	(11,830)	(191)	(52)	(15,860)
Finance (cost)/income	(947)	183	-	10,792	10,028
Unallocated expense				(8,714)	(8,714)
(Loss)/profit before tax	(247,408)	(354,760)	(798)	1,052	(601,914)
<i>(Unaudited)</i>					
As at June 30, 2020					
Segment assets	391,924	1,313,079	4,024	970,098	2,679,125
Goodwill	58,495	1,082,923	9,266	-	1,150,684
Intangible assets	450,419	2,396,002	13,290	970,098	3,829,809
Intangible liabilities	134,710	286,370	2,270	2,157,104	2,580,454

5 SEGMENT INFORMATION *c i ed*

Seg e i f a i ab heG ' e abe eg e i e e ed be

6 OTHER INCOME

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (U a di ed)
G e e g a a d b idie (a)	2,466	109
O he	1,026	406
	<u>3,492</u>	<u>515</u>

(a) The G e e g a a d b idie ai c i f RMB2,179,000 g a ed b he Jia de Pe e' G e e 61(0 0 6 -10.06 Td2



8 FINANCE INCOME AND COSTS

9 INCOME TAX EXPENSE *continued*

(a) Cayman Islands Income Tax

The Company is a resident of the Cayman Islands and is not subject to income tax in the Cayman Islands. The Company is also not subject to income tax in the Cayman Islands on income derived from the Cayman Islands.

(b) Hong Kong Profits Tax

10 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic ( )/ea i g e ha e i cac a ed b di idi g he fi a ib abe e f he  
 C a b he eigh ed a e age be f di a ha e i i e d i g he i h e ded  
 J e 30, 2020 a d 2019.

Six months ended June 30,

2020  
(Unaudited)

2019  
(U a di ed)

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB' 000	Leasehold improvements RMB' 000	Medical equipment RMB' 000	Office equipment, furniture and motor vehicles RMB' 000	Construction- in-progress RMB' 000	Total RMB' 000
<i>(Unaudited)</i>						
Six months ended June 30, 2020						
Ne b r a e						
O e i g a a a J a a 1, 2020	111,317	430	24,149	5,738	4,542	146,176
Add i	3,313	1,870	1,480	198	598	7,459
Di a	(1,211)	-	-	-	-	(1,211)
T a f e c e i	-	-	-	-	(3,920)	(3,920)
De e c i a i	<u>(2,145)</u>	<u>(68)</u>	<u>(2,339)</u>	<u>(784)</u>	<u>-</u>	<u>(5,336)</u>
C i g a a a J e 30, 2020	<u>111,274</u>	<u>2,232</u>	<u>23,290</u>	<u>5,152</u>	<u>1,220</u>	<u>143,168</u>
<i>(Unaudited)</i>						
Six months ended June 30, 2019						
Ne b r a e						
O e i g a a a J a a 1, 2019	115,678	234	21,319	6,709		143,940
Add i		7	5,115	138	2,491	7,751
Di a	(117)		(56)	(17)		(190)
De e c i a i	<u>(2,067)</u>	<u>(46)</u>	<u>(1,992)</u>	<u>(780)</u>		<u>(4,885)</u>
C i g a a a J e 30, 2019	<u>113,494</u>	<u>195</u>	<u>24,386</u>	<u>6,050</u>	<u>2,491</u>	<u>146,616</u>

12 LEASES

This note provides a detailed description of the Group's lease activities.

(a) Amounts recognised in the balance sheet

The balance sheet reflects the following lease-related items:

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
<b>Right-of-use assets</b>		
Land lease	38,071	38,544
Prepaid	2,257	3,467
	<u>40,328</u>	<u>42,011</u>
<b>Lease Liabilities</b>		
Current	1,689	2,412
Non-current	316	650
	<u>2,005</u>	<u>3,062</u>

The above additions to right-of-use assets and lease liabilities are included in the consolidated statement of financial position as at June 30, 2020. (2019: RMB4,219,000).

12 LEASES *continued*

(b) Amounts recognised in the statement of comprehensive income

The amount for the period is as follows:

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Decrease in right-of-use assets	1,211	631
Amortisation of right-of-use assets	472	472
Lease expense (included in cost of sales)	40	25
Expense on lease modification (included in administrative expenses)	147	963
Expense on lease termination (included in administrative expenses)	2	

The carrying amount of right-of-use assets at the end of June 30, 2020 is RMB1,097,000 (at the end of June 30, 2019: RMB948,000).

13 INTANGIBLE ASSETS

	Goodwill RMB'000	Contractual rights to provide management services RMB'000	Licenses RMB'000	Software RMB'000	Total RMB'000
<i>(Unaudited)</i>					
Six months ended June 30, 2020					
Net change					
Original value at January 1, 2020	1,617,767	1,113,506	173,194	1,362	2,905,829
Additions	-	(11,821)	(3,427)	(140)	(15,388)
Impairment charge	(467,083)	(201,136)	-	-	(668,219)
Carrying amount at June 30, 2020	<u>1,150,684</u>	<u>900,549</u>	<u>169,767</u>	<u>1,222</u>	<u>2,222,222</u>

<i>(Unaudited)</i>					
Six months ended June 30, 2019					
Net change					
Original value at January 1, 2019	1,617,767	1,137,153	180,047	1,572	2,936,539
Additions				178	178
Impairment charge		(11,823)	(3,427)	(160)	(15,410)
Carrying amount at June 30, 2019	<u>1,617,767</u>	<u>1,125,330</u>	<u>176,620</u>	<u>1,590</u>	<u>2,921,307</u>

(a) Goodwill impairment

Management evaluates the recoverability of each cash-generating unit ('CGU'). The recoverability of each CGU is determined based on fair value less costs of disposal (FVLCD) calculation. The calculation is performed based on the carrying amount of the cash-generating unit as of December 31, 2020. The management concludes that the cash-generating unit is not impaired based on the carrying amount of the cash-generating unit as of December 31, 2020. The carrying amount of the cash-generating unit is determined based on the carrying amount of the cash-generating unit as of December 31, 2020. The carrying amount of the cash-generating unit is determined based on the carrying amount of the cash-generating unit as of December 31, 2020.

Due to the impact of the COVID-19 pandemic, the carrying amount of the cash-generating unit is determined based on the carrying amount of the cash-generating unit as of December 31, 2020. The carrying amount of the cash-generating unit is determined based on the carrying amount of the cash-generating unit as of December 31, 2020.

Impairment charges of RMB243,500,000, RMB130,153,000 and RMB93,430,000 were recognized for Jia de Huan, Cihi and Zhejia Group Holding Limited ('the CGU'), respectively, and the carrying amount of the cash-generating unit is determined based on the carrying amount of the cash-generating unit as of December 31, 2020.

13 INTANGIBLE ASSETS *c i e d*

(a) Goodwill impairment *c i e d*

Based on the facts and circumstances identified by management, the recoverability of the cash generating units as at June 30, 2020 and December 31, 2019 were determined based on the FVLCOF of the designated cash generating units identified by management. The impairment is recorded based on the fair value less costs to sell of the cash generating units.

The following table sets forth the cash generating units and their respective carrying amounts as at June 30, 2020:

	Jiande Hospital operating CGU	
	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Revenue (% of total revenue)	12.06%	14.65%
Percentage of total revenue	15.00%	14.50%
Recoverable amount of cash generating CGU (RMB'000)	337,000	717,000

	Cixi Honghe operating CGU	
	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Revenue (% of total revenue)	12.90%	18.26%
Percentage of total revenue	14.00%	13.50%
Recoverable amount of cash generating CGU (RMB'000)	250,000	514,000

	Zhejiang Honghe Zhiyuan operating CGU	
	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Revenue (% of total revenue)	19.24%	19.58%
Percentage of total revenue	14.00%	13.50%
Recoverable amount of cash generating CGU (RMB'000)	673,000	957,000



13 INTANGIBLE ASSETS continued

(a) Goodwill impairment continued

The recoverable amount of Weikang Investment and Honghe Ruixin operating CGU and DJ Medicine operating CGU (the "CGUs") were determined to be RMB1,589,000,000 and RMB15,505,000 as at June 30, 2020 which exceeded the carrying amount of the CGUs by RMB117,164,000 and RMB1,422,000. No impairment was recognized for the CGUs. As at June 30, 2020, the carrying amount of the goodwill included in the CGUs was RMB950,915,000 and RMB9,266,000, respectively.

The following table sets forth the carrying amount of the CGUs and the impairment recognized as at June 30, 2020:

	Weikang Investment and Honghe Ruixin operating CGU	
	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Recoverable amount	9.92%	8.66%
Carrying amount	13.50%	13.00%
Recoverable amount less carrying amount (RMB'000)	1,589,000	1,608,000

  

	DJ Medicine operating CGU	
	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Recoverable amount	43.90%	45.90%
Carrying amount	15.00%	14.50%
Recoverable amount less carrying amount (RMB'000)	15,505	15,000

13 INTANGIBLE ASSETS *c i e d*

(a) Goodwill impairment *c i e d*

The following table sets forth a summary of the impairment tests performed for the Weikang Investment and Honghe Ruixin operating CGU and DJ Medicine operating CGU as of each reporting date (as applicable) and the resulting impairment charges, if any:

		Weikang Investment and Honghe Ruixin operating CGU Six months ended June 30, 2020	
		Key assumption	Breakeven Point
Percentage of cash flows	discounted	9.92%	8.14%
Percentage of cash flows	discounted	13.50%	14.39%

		Weikang Investment and Honghe Ruixin operating CGU Year ended December 31, 2019	
		Key assumption	Breakeven Point
Percentage of cash flows	discounted	8.66%	7.18%
Percentage of cash flows	discounted	13.00%	14.34%

		DJ Medicine operating CGU Six months ended June 30, 2020	
		Key assumption	Breakeven Point
Percentage of cash flows	discounted	43.90%	35.23%
Percentage of cash flows	discounted	15.00%	15.86%

		DJ Medicine operating CGU Year ended December 31, 2019	
		Key assumption	Breakeven Point
Percentage of cash flows	discounted	45.90%	45.07%
Percentage of cash flows	discounted	14.50%	14.79%

13 INTANGIBLE ASSETS *c i ed*

(b) Impairment losses on contractual rights to provide management services

C ac a igh ide a age e e ice a e he igh ide a age e e ice Ya g ih ia, Ji h ah ia a d Ci ih ia ihfi ie ef ife. The ec ac a igh ac i ed i b ie c bi ai ae ec g i ed a fai a ea a he ac i i dae.

C ide i g he i ac f he COVID-19 bear, a age e e gaged a i de e de a e i de e i i g he ec e abea f c ac a igh ide a age e e ice Ji h ah ia a d Ci ih ia a a J e 30, 2020. I ai e e f RMB132,525,000 a d RMB68,611,000 e e ec g i ed, ed ci g he ca i ga f he c ac a igh ide a age e e ice Ji h ah ia a d Ci ih ia RMB558,300,000 a d RMB239,700,000, e ec ie .

N i ai e a cha ged f c ac a igh ide a age e e ice Ya g ih ia d i g he i h e ded J e 30, 2020 a d he ea e ded Dece be 31, 2019.

14 TRADE RECEIVABLES

	As at June 30, 2020 RMB'000 (Unaudited)	A a Dece be 31, 2019 RMB'000 (A di ed)
Trade receivable	35,106	31,332
Less: Provision for trade receivable	(4,754)	(1,000)
Trade receivable net	<u>30,352</u>	<u>30,332</u>

The carrying amount of the Group's trade receivable as at the end of the reporting period is denominated in RMB and is denominated in the functional currency.

As at June 30, 2020 and December 31, 2019, the ageing analysis of trade receivable is as follows:

	As at June 30, 2020 RMB'000 (Unaudited)	A a Dece be 31, 2019 RMB'000 (A di ed)
1-90 days	24,563	25,428
91-180 days	1,153	1,658
181 days - 1 year	5,234	2,947
Over 1 year	4,156	1,299
	<u>35,106</u>	<u>31,332</u>

15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at June 30, 2020 RMB'000 (Unaudited)	A a Dece be 31, 2019 RMB'000 (A di ed)
Pe a e f c ci a de i e	2,901	1,455
De i f e a	590	590
Ad a ce e ee	253	569
O he ecei abe	573	488
O he e a e	328	315
M e a f d ecei abef a e a age e c a	-	15,000
	<hr/>	<hr/>
T a	4,645	18,417
Le : -c e i	(2,901)	(2,012)
	<hr/>	<hr/>
C e i	<u>1,744</u>	<u>16,405</u>

The ca i g a f he ecei abe , de i a d e a e a e de i a ed i RMB a d a i a e hei fai a e .

16 BALANCES WITH RELATED PARTIES

As at June 30, 2020 and December 31, 2019, the balances are as follows, except where indicated otherwise in RMB.

	As at June 30, 2020 RMB' 000 (Unaudited)	As at December 31, 2019 RMB' 000 (Audited)
Amounts due from related parties		
Tadei a e		
Ji h aH ia	139,693	122,120
Ya g iH ia	84,940	88,540
Ci iH ia	15,961	6,384
O he		
Ji h aH ia	105,102	80,429
Ya g iH ia	529	64
Va g a dG Li ied	370	366
Mid i H Ld	-	36
Ha Pe i geLi ied	-	8
	<u>346,595</u>	<u>297,947</u>
Le : -c e i	<u>(80,000)</u>	<u>(80,000)</u>
C e i	<u>266,595</u>	<u>217,947</u>

As at June 30, 2020 and December 31, 2019, the aging analysis is as follows, except where indicated otherwise:

	As at June 30, 2020 RMB' 000 (Unaudited)	As at December 31, 2019 RMB' 000 (Audited)
Wi hi 90 da	52,676	58,293
91 180 da	42,523	48,159
O e 180 da	145,395	110,592
	<u>240,594</u>	<u>217,044</u>

16 BALANCES WITH RELATED PARTIES *continued*

As at June 30, 2020, the following table summarizes the related party balances (2019: i).

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
<b>Amounts due to related parties</b>		
Trade receivables		
Zhejiang Zhongyi Medical Co., Ltd.	3,470	6,196
Dajia Medical Equipment Co., Ltd.	2,936	2,546
Others		
Jinhua Hui	5,444	4,988
Yagui Hui	5,291	6,235
Vagad Group Limited	1,539	1,517
Cihui	1,243	1,243
Zhejiang Xiyang International Co., Ltd.	1,024	1,024
<b>Total</b>	<b>20,947</b>	<b>23,749</b>

The carrying amounts as at June 30, 2020 and December 31, 2019, are in full.

As at June 30, 2020 and December 31, 2019, the aging analysis of the following is as follows:

	As at June 30, 2020 RMB'000 (Unaudited)	As at December 31, 2019 RMB'000 (Audited)
Within 90 days	4,886	7,621
91-180 days	515	179
Over 180 days	1,005	942
	<b>6,406</b>	<b>8,742</b>

17 SHARE CAPITAL, TREASURY SHARES AND SHARE PREMIUM

Attributed  
Ordinary shares

Number of  
shares  
Nominal value  
of shares  
HKD

500,000,000

500,000

shares 0.88 shares 0.41



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18 OTHER RESERVES

	Capital reserve RMB'000	Other reserve RMB'000	Total RMB'000
<i>(Unaudited)</i>			
As at January 1, 2020	883,938	40,293	924,231
Share-based payment expense	802	-	802
	<u>884,740</u>	<u>40,293</u>	<u>925,033</u>
As at December 31, 2020	884,740	40,293	925,033
<i>(Unaudited)</i>			
As at January 1, 2019	878,445	32,013	910,458
Share-based payment expense			

20 ACCRUALS, OTHER PAYABLES AND PROVISIONS

	As at June 30, 2020 RMB' 000 (Unaudited)	As at December 31, 2019 RMB' 000 (Audited)
Accrued employee benefits	43,903	36,841
Share-based payments	15,693	16,071
Deferred advertising costs	7,397	10,870
Accrued service fees	5,868	5,556
Other payable for share-based payments	4,889	6,148
Other payable for medical insurance	1,285	1,392
Other	2,539	2,344
	<u>81,574</u>	<u>79,222</u>
Total	(175)	(362)
Carrying amount	<u>81,399</u>	<u>78,860</u>

The carrying amount of accrued liabilities is denominated in RMB. The carrying amount is in Chinese Renminbi.

21 BORROWINGS

	As at June 30, 2020			As at December 31, 2019		
	Current RMB' 000 (Unaudited)	Non-current RMB' 000 (Unaudited)	Total RMB' 000 (Unaudited)	Current RMB' 000 (Audited)	Non-current RMB' 000 (Audited)	Total RMB' 000 (Audited)
Bank borrowing						
Secured bank loan	105,580	69,462	175,042	74,744	99,658	174,402
Unsecured bank loan (a)	40,000	-	40,000	40,000	-	40,000
	<u>145,580</u>	<u>69,462</u>	<u>215,042</u>	<u>114,744</u>	<u>99,658</u>	<u>214,402</u>

21 BORROWINGS *continued*

- (a) Jia de H i a e e ed i f i e e- ea a ag ee e i h Ag ic a Ba r f Chi a Jia de B a ch  
Dece be 11, 2019, Ja a 15, Ja a 17, Ma ch 20 a d A i 9, 2020, e ec i e . The e ai i ga

22 CONVERTIBLE BONDS

The e e f hec e ibeb d aea f :

	Convertible Bonds			Total RMB' 000
	March 5, 2018 RMB' 000	August 7, 2018 RMB' 000	February 27, 2019 RMB' 000	
<i>(Unaudited)</i>				
As at January 1, 2020	392,174	577,039	724,217	1,693,430
Diffe e ce be ee fai a ea d i ci a a a i i i a ec g i i	2,318	(7,633)	120	(5,195)
Fai a e cha ge e i g f cha ge i				
As at June 30, 2020	<u>403,257</u>	<u>570,135</u>	<u>714,351</u>	<u>1,687,743</u>

*(Unaudited)*

As at January 1, 2019	430,241	643,616	1,770,666	
Fai a e cha ge e i g f cha ge i	2,318	(7,633)	10,109	
As at June 30, 2019	<u>394,696</u>	<u>598,166</u>	<u>1,780,775</u>	

(1,409,344)

22 CONVERTIBLE BONDS

(a) Convertible bonds issued on March 5, 2018

As at June 30, 2020, the fair value of the convertible bonds is HKD442,035,000, equivalent to RMB403,772,000, which is denominated in Renminbi Yuan.

The significant terms of the convertible bonds issued on March 5, 2018 are as follows:

	As at June 30, 2020	As at December 31, 2019
Variable	30%	30%
Time period (years)	0.68	1.18
Interest rate	1.66%	1.87%
Dividend	0.00%	0.00%

(b) Convertible bonds issued on August 7, 2018

As at June 30, 2020, the fair value of the convertible bonds is HKD619,010,000, equivalent to RMB565,428,000, which is denominated in Renminbi Yuan.

7.25% (0.7794021961%) (b) denominated in Renminbi Yuan issued on March 5, 2018 (0.70% - 1.611% TD)

22 CONVERTIBLE BONDS (continued)

(c) Convertible bonds issued on February 27, 2019

As at June 30, 2020, the fair value of convertible bonds is HKD782,138,000, which is equivalent to RMB714,437,000, which is determined based on the following factors:

The significant terms of the convertible bonds issued on February 27, 2019 are as follows:

	As at June 30, 2020	As at December 31, 2019
Warrant	30%	30%
Time to maturity (years)	3.66	4.16
Reference rate	0.98%	1.53%
Dividend yield	0.00%	0.00%

23 DEFERRED INCOME TAX

23 DEFERRED INCOME TAX c i ed

Deferred income tax liabilities

	Buildings and Intangible assets RMB' 000	Withholding tax RMB' 000	Changes in fair value RMB' 000	Interest capitalization RMB' 000	Total RMB' 000
<i>(Unaudited)</i>					
Balance at January 1, 2020	(328,597)	(21,055)	-	(435)	(350,087)
Change/(change) during the period	53,746	(3,824)	-	12	49,934
Balance at June 30, 2020	<u>(274,851)</u>	<u>(24,879)</u>	<u>-</u>	<u>(423)</u>	<u>(300,153)</u>
<i>(Unaudited)</i>					
Balance at January 1, 2019	(335,520)	(13,406)	(1,126)	(460)	(350,512)
Change/(change) during the period					



26 SIGNIFICANT RELATED PARTY TRANSACTIONS

Pa ie a e c ide ed be e a ed if e a ha he abi i , di ec i di ec , c he he a e e ci e ig ifica i f e ce e he he a i ari g fi a cia a d e a i g deci i . A a

26 SIGNIFICANT RELATED PARTY TRANSACTIONS *c i ed*

(a) Significant transactions with related parties

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (U a di ed)
Ma age e Se ice fee		
Ya g iH ia	72,758	77,577
Ji h aH ia	16,578	19,702
Ci iH ia	10,905	9,793
	<u>100,241</u>	<u>107,072</u>
P cha e f edica e i e a d ha ace ica		
Zhejia g Zh g i Medici e C ., L d.	10,881	17,825
Dajia Medica E i e C ., L d	2,981	3,026
	<u>13,862</u>	<u>20,851</u>

(b) Loans from related parties

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (U a di ed)
Begi i g f he e i d	15,007	35,929
L a ad a ced	478	5,672
L a e aid	(944)	(27,976)
T a fe f deb	-	715
	<u>14,541</u>	<u>14,340</u>

26 SIGNIFICANT RELATED PARTY TRANSACTIONS *c i ed*

(c) Loans to related parties

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(U a di ed)
Bei i g f he e i d	80,903	60,500