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**PRINCIPAL PLACE OF BUSINESS  
IN HONG KONG**

Suite 2701, One Exchange Square  
Central  
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**REGISTERED OFFICE**

Maple Corporate Service Limited  
PO Box 309, Union House  
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**COMPANY'S WEBSITE**

[www.fccfeastcare.com](http://www.fccfeastcare.com)

**AUDITOR**

PricewaterhouseCoopers

**HONG KONG LEGAL ADVISOR**

Chear Gweb Steer & Hamill (Hong Kong)

**HONG KONG BRANCH SHARE REGISTRAR  
AND TRANSFER OFFICE**

Computer Share Hong Kong Limited  
Services  
Suite 1712-1716, 17/F  
Hong Kong Centre  
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**CAYMAN ISLANDS PRINCIPAL SHARE  
REGISTRAR AND TRANSFER OFFICE**

Maple Fund Service (Cayman) Limited  
PO Box 1093, Bulwer House  
Cricket Square, Grand Cayman  
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## FINANCIAL HIGHLIGHTS

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	208,531	174,459
Hospital management services	108,181	87,408
General management services	98,301	86,680
Wholesale pharmaceutical distribution	2,049	371
Adjusted profit <sup>(1)</sup>	102,616	80,386
Adjusted profit <sup>(2)(3)</sup>	52,767	49,115
Adjusted profit margin <sup>(1)</sup>	49.2%	46.1%
Adjusted profit margin <sup>(3)</sup>	25.3%	28.2%
<b>Adjusted items</b>		
Employee share-based awards and other non-employee benefits expense <sup>(2)(4)</sup>	2,923	31,540
Amortization of identifiable intangible assets and other intangible assets <sup>(2)(4)</sup>	15,250	
Gain/(loss) on disposal of subsidiaries and other subsidiaries and other businesses and related assets/(losses) <sup>(2)(4)</sup>	62,029	(44,641)
Loss on disposal of financial assets and other financial assets <sup>(2)(4)</sup>	1,698	9,110

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	208,531	174,459
Goodwill <sup>(1)</sup>	84,443	53,846
Net assets/(liabilities) <sup>(2)</sup>	94,925	(36,176)
Basic earnings/(loss) per share RMB	0.594	(0.280)

**Note:**

- (1) For the six months ended June 30, 2019 (the Reporting Period), the Group's Revenue Period amount was RMB84.4 million. The adjusted revenue calculated as the Revenue Period, excluding the impact of the fair-balance and other pre-employment fees before the end of the period, is RMB84.4 million.
- (2) The Group recorded a revenue of RMB94.9 million for the Revenue Period. The adjusted revenue (Adjusted Net Profit) calculated as the Revenue Period, excluding the impact of certain items, are considered as follows: (a) the management fees, including the fee for the fair-balance and other pre-employment fees before the end of the period, of RMB2.9 million; (b) the sales and service charges and other charges of RMB41.0 million; (c) the commission of HK K. K. & Co. Limited of RMB1.0 million; (d) the commission of RMB21.0 million; (e) the commission of RMB15.3 million; and (f) the other expenses of RMB1.7 million. For calculation of the Adjusted Net Profit, the impact of the adjusted revenue is considered.
- (3) For the six months ended June 30, 2018 (the Corresponding Period of Previous Year), the adjusted revenue for the Corresponding Period of Previous Year is considered as the revenue amount of RMB6.1 million. The Adjusted Net Profit of the Group is considered, the Adjusted Net Profit and adjusted revenue for the Corresponding Period of Previous Year are as follows, respectively: Group's revenue for the Corresponding Period of Previous Year:

	Six months ended June 30,	
	2019	2018
	RMB' 000	RMB' 000
	(Unaudited)	(Unaudited)
Adjusted Net Profit	52,767	55,230
Adjusted revenue margin	25.3%	31.7%

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

In June 2019, the State Administration of Food and Drug Administration issued the *Opinions on Promoting the Sustainable, Healthy and Standardized Development of Private Medical Institutions* (《關於促進社會辦醫持續健康規範發展的意見》) which set requirements and standards for the industry, such as market entry, accreditation, medical insurance, service quality, and the establishment of a multi-level and standardized reception system. The State Administration of Food and Drug Administration also issued the *Opinions on Promoting the Healthy and Standardized Development of Private Medical Institutions* (《關於促進社會辦醫持續健康規範發展的意見》) in July, the State Administration of Food and Drug Administration issued the *Health China Action (2019-2030)* (《健康中國行動(2019-2030)》) which set the development goals for the medical service industry, including the implementation of the *4+7* major drug treatment drug procurement success rate reduction plan, the implementation of the *3+1* major drug procurement success rate reduction plan, and the implementation of the *3+1* major drug procurement success rate reduction plan. The implementation of the *DRGS* system has also been implemented. A series of policies have been implemented to promote the development of private medical service institutions.

Guided by the development strategy of the success of acquisition, the company (收到、管好、上量), the Group has dedicated to the high-quality development of private medical institutions in the PRC under the *Three Consistent* (三符合) criteria. The company has implemented the *Three Consistent* (三符合) criteria, the company has implemented the *Three Consistent* (三符合) criteria, and the Group has implemented the *Three Consistent* (三符合) criteria.

The Group continued optimizing the merger and acquisition system and conserving efforts for expansion through mergers and acquisitions

The Group continued to summarize and improve the acquisition and integration system, and further improve the related measures, including strengthening the capability of the management team, and fully utilizing the synergies of the merger and acquisition system. In addition, the Group continued to improve the merger and acquisition system, and further improve the related measures, including strengthening the capability of the management team, and fully utilizing the synergies of the merger and acquisition system. In addition, the Group continued to improve the merger and acquisition system, and further improve the related measures, including strengthening the capability of the management team, and fully utilizing the synergies of the merger and acquisition system.

During the year 2019, under the guidance of the Group's strategy, the Group continued to improve the merger and acquisition system, and further improve the related measures, including strengthening the capability of the management team, and fully utilizing the synergies of the merger and acquisition system. In addition, the Group continued to improve the merger and acquisition system, and further improve the related measures, including strengthening the capability of the management team, and fully utilizing the synergies of the merger and acquisition system.

At the end of the year, the Group continued to improve the merger and acquisition system, and further improve the related measures, including strengthening the capability of the management team, and fully utilizing the synergies of the merger and acquisition system.





## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's core business is the creation and management of medical products. The Group's main business is the research and development, production and sale of various types of medical products.

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## MANAGEMENT DISCUSSION AND ANALYSIS

## MANAGEMENT DISCUSSION AND ANALYSIS

Our Adjusted Gross Profit was RMB102.6 million for the Reporting Period, compared with RMB95.5 million for the corresponding period of the prior year, an increase of 7.4%. This increase was primarily due to the increase in sales volume of our core products, which contributed to an increase in gross profit of RMB80.4 million for the Reporting Period compared with RMB72.0 million for the corresponding period of the prior year, an increase of 11.5%. This increase was primarily due to the increase in sales volume of our core products, which contributed to an increase in gross profit of RMB80.4 million for the Reporting Period compared with RMB72.0 million for the corresponding period of the prior year, an increase of 11.5%. This increase was primarily due to the increase in sales volume of our core products, which contributed to an increase in gross profit of RMB80.4 million for the Reporting Period compared with RMB72.0 million for the corresponding period of the prior year, an increase of 11.5%.

We have recorded an increase in RMB112.3 million for the Reporting Period compared with RMB118.5 million for the corresponding period of the prior year, a decrease of 5.5%. This decrease was primarily due to the decrease in sales volume of our core products, which contributed to a decrease in sales of RMB93.8 million for the Reporting Period compared with RMB100.0 million for the corresponding period of the prior year, a decrease of 6.2%. This decrease was primarily due to the decrease in sales volume of our core products, which contributed to a decrease in sales of RMB93.8 million for the Reporting Period compared with RMB100.0 million for the corresponding period of the prior year, a decrease of 6.2%.

We recorded adjusted administrative expenses of RMB32.0 million for the Reporting Period, compared with RMB31.5 million for the corresponding period of the prior year, an increase of 1.6%. This increase was primarily due to the increase in sales volume of our core products, which contributed to an increase in administrative expenses of RMB18.6 million for the Reporting Period compared with RMB18.0 million for the corresponding period of the prior year, an increase of 3.3%. This increase was primarily due to the increase in sales volume of our core products, which contributed to an increase in administrative expenses of RMB18.6 million for the Reporting Period compared with RMB18.0 million for the corresponding period of the prior year, an increase of 3.3%.

We recorded adjusted research and development expenses of RMB1.9 million for the Reporting Period, compared with RMB2.4 million for the corresponding period of the prior year, a decrease of 21.7%. This decrease was primarily due to the decrease in sales volume of our core products, which contributed to a decrease in research and development expenses of RMB5.4 million for the Reporting Period compared with RMB7.3 million for the corresponding period of the prior year, a decrease of 26.0%. This decrease was primarily due to the decrease in sales volume of our core products, which contributed to a decrease in research and development expenses of RMB5.4 million for the Reporting Period compared with RMB7.3 million for the corresponding period of the prior year, a decrease of 26.0%.

For the Reporting Period, we have recorded an Adjusted Net Profit of RMB52.8 million, compared with RMB55.2 million for the corresponding period of the prior year, a decrease of 4.3%. This decrease was primarily due to the decrease in sales volume of our core products, which contributed to a decrease in net profit of RMB8.6 million for the Reporting Period compared with RMB16.4 million for the corresponding period of the prior year, a decrease of 53.0%. This decrease was primarily due to the decrease in sales volume of our core products, which contributed to a decrease in net profit of RMB8.6 million for the Reporting Period compared with RMB16.4 million for the corresponding period of the prior year, a decrease of 53.0%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity and Capital Resources

As at June 30, 2019, our total equity was RMB1,769.5 million (as at December 31, 2018: RMB1,668.0 million). As at June 30, 2019, the total current assets were RMB1,360.5 million (as at December 31, 2018: RMB681.7 million) and current liabilities were RMB501.7 million (as at December 31, 2018: RMB538.1 million). As at June 30, 2019, our current ratio was 2.71, compared with 1.27 as at December 31, 2018.

Our current assets were increased by approximately RMB678.8 million from RMB681.7 million as at December 31, 2018 to RMB1,360.5 million as at June 30, 2019, primarily due to an increase in other receivables and advances in cost of sales for the year ended June 30, 2019. Our current liabilities decreased by RMB36.4 million from RMB538.1 million as at December 31, 2018 to RMB501.7 million as at June 30, 2019, primarily due to a decrease in accrued interest and other payables.

During the Reporting Period, our cash and cash equivalents decreased to RMB881.4 million (as at June 30, 2019, the total cash and cash equivalents were RMB881.4 million (as at December 31, 2018: RMB195.5 million)). As at June 30, 2019, the total bank borrowings were RMB261.6 million (as at December 31, 2018: RMB263.6 million). The details of the borrowings are included in Note 21 of the consolidated financial statements. The table below shows the maturity of the bank borrowings as at the end of the period:

	Bank borrowings	
	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Within 1 year	125,125	89,692
Between 1 and 2 year	68,251	74,538
Between 2 and 5 year	68,251	99,385
	<u>261,627</u>	<u>263,615</u>

As at June 30, 2019, the total earnt rate of the Company, which is calculated as interest-bearing liabilities divided by total equity, was 14.78%. Our Directors believe that, after taking into account the financial resources available to us, including other financial resources and the fact that we have secured a number of bank borrowings, the total debt of the Company is in line with our requirements. As at June 30, 2019, the Group did not have any material contingent liabilities or guarantees.

### EVENTS AFTER THE REPORTING PERIOD

Mr. Wei Ka (魏凱) had resigned as the Independent Director of the Company and a member of the audit committee of the Company (the Audit Committee) due to personal commitments. He resigned on July 24, 2019.

Mr. L Pei ( )

## MANAGEMENT DISCUSSION AND ANALYSIS

Convertible Bonds



## MANAGEMENT DISCUSSION AND ANALYSIS

On May 29, 2018, the Company and Hong Kong Capital Fund VIII (Capital Fund), L.P. (the Vendor) entered into a Share Purchase Agreement (the Share Purchase Agreement) to reacquire the share and purchase the entire equity interest of Oriana A, a company incorporated under the British Virgin Islands limited liability and owned by the Vendor, for a consideration of RMB630,000,000 (equivalent to approximately HK\$773,879,717).

Oriana A is a special investment fund company, controlled by 100% equity interest by Impeccable Success Limited (Impeccable Success), a company controlled by 75% equity interest by Zhejiang Honghe Zhiyuan Medical Technology Co., Ltd. (Zhejiang Honghe Zhiyuan) (collectively referred to as the Target Group). The Target Group is a leading provider of medical equipment and consumables in Jiangsu, Zhejiang, and Shanghai, PRC.

On August 7, 2018, the acquisition of Capital Fund and the Company received 100% equity interest of Oriana A and Oriana A became a subsidiary of the Company. Through Oriana A, the Company controlled 75% equity interest by Zhejiang Honghe Zhiyuan and the remaining 25% equity interest held by Hong Kong Capital Fund Management Co., Ltd. (Sfaha Fa) Co., Ltd. shall be recorded as a non-controlling interest.

The consideration is paid by the purchase price of the convertible bond issued to the shareholders amounting to HK\$773,879,717 by the Company to the Vendor. The consideration is due to the acquisition of the Share Purchase Agreement. On August 7, 2018, the convertible bond were issued to the shareholders of the Company at HK\$1.00 each. The convertible bond are exercisable at any time after the date of issue, and the exercise price is HK\$20.00 per convertible bond (subject to adjustment of the exercise price). The convertible bond are exercisable at any time after the date of issue, and the exercise price is HK\$20.00 per convertible bond (subject to adjustment of the exercise price).

On December 21, 2018 and January 16, 2019, the Company and LeapWale Limited (the Subscriber) entered into a subscription agreement and amendment agreement to issue the Company a redemptible convertible bond (the Subscriber agreement) and the Company issued the Subscriber agreement (the LW Convertible Bonds) to the shareholders amounting to HK\$800,000,000 for a consideration of equivalent to the shareholders amounting to the convertible bond. On February 27, 2019, the LW Convertible Bonds were issued to the shareholders of the Company at HK\$1.00 each. The LW Convertible Bonds are exercisable at any time after the date of issue, and the exercise price is HK\$20.00 per convertible bond (subject to adjustment of the exercise price). Upon maturity, the Company shall redeem the LW Convertible Bonds at the redemption amount calculated according to the formula: the shareholders amounting to the convertible bond + the shareholders amounting to the convertible bond 6% 5.

## MANAGEMENT DISCUSSION AND ANALYSIS

The market price of the share of January 16, 2019, being the date of completion of the term of the purchase of the convertible bond, was HK\$16.18.

The amount of convertible bond issued is approximately HK\$800 million as at June 30, 2019, as detailed in the audited accounts of the Group issued as a circular of the Company dated January 16, 2019. The Company has issued convertible bond to acquire the shares of the Company in the market. The Group has paid a dividend of HK\$0.05 per share to the shareholders of the Company in the year ended June 30, 2019. The Company has also issued convertible bond to the shareholders of the Company in the year ended June 30, 2019. The details are as follows:

	Percentage to the total amount	Net Proceeds HK\$ million	Utilized Amount HK\$ million	Unutilized Amount HK\$ million
Convertible bond issued to acquire the shares of the Company in the market	100%	800	-	800
<b>Total</b>	<b>100%</b>	<b>800</b>	<b>-</b>	<b>800</b>

As at June 30, 2019, the LW Conversion Bond has been converted into 50 million shares of the Company. The LW Conversion Bond has been converted into 50 million shares of the Company dated December 21, 2018, January 16, 2019 and February 27, 2019 respectively.

### EXPOSURE TO FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that the value of the assets and liabilities of the Group will fluctuate because of the change in the exchange rate.

The Group mainly operates in the PRC and its assets and liabilities are denominated in RMB. Foreign exchange rate risk arises from the denominated assets and liabilities in a currency other than the entity's functional currency.

As at June 30, 2019, the Group has denominated its assets and liabilities in RMB, the functional currency of the Group, and HK dollar.

The Group has not used any derivative financial instruments to hedge its foreign exchange risk. The Group's currency risk is managed by the Group's management. The Group's management has established a policy to measure the future, anticipated cash flows, and to manage the foreign exchange risk.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PLEDGE OF GROUP ASSETS

Data of the Group's pledged assets secured by bank borrowings as at June 30, 2019 are as follows: Note 21 of the condensed consolidated financial statements.

### SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the interim report, the investments made by the Group during the period ended June 30, 2019, the Group did not have any

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

All the data are reported here in accordance with the Director and Chief Executive of the Company's Share, Underlying Share and Debenture of the Company and associated corporation (including the means of Part XV of the Securities and Futures Ordinance (SFO)) which are required to be disclosed by the Company and the Stock Exchange of Hong Kong under sections 7 and 8 of Part XV of the SFO (including where applicable, where they are deemed to be under such sections of the SFO), and not be entered in the register required to be established by the Company under section 352 of the SFO, and (where applicable) the Company and the Stock Exchange of Hong Kong under the Model Code and the Appendix 10 of the Rule Governing the Listing of Securities of the Stock Exchange of Hong Kong (Listing Rules) 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>(4)</sup>
Mr. Zha Jiefeng Hua	Interest in listed corporation	161,693,985 <sup>(1)</sup>	117.01%
	Deemed interest <sup>(2)</sup>	2,500,000 <sup>(2)</sup>	1.81%
Ms. Lu Lu	Interest in listed corporation	9,098,800 <sup>(3)</sup>	6.58%

Note:

(1) This includes the Shares held by Mr. Zha Jiefeng Hua in the capacity of director of the listed corporation, which are valued at HK\$1,241,879,717. For more details, please refer to the circular of the Company dated February 13, 2018.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at the date of this report, the directors of the Company, the independent non-executive directors of the Company and the chairman of the Company are deemed to be independent members of the board of directors of the Company, under the independence and competence criteria of the Company's articles of association (the "Articles") and the listing rules of the SFO. The SFO rules are required to be followed by the Company under the provisions of sections 7 and 8 of Part XV of the SFO and the Securities and Futures Ordinance (the "SFO") and the Company's articles of association and the Securities and Futures Commission's Listing Rules (the "Listing Rules").

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

As at the date of this report, the following persons (including the directors and independent non-executive directors) are

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Shareholder	Capacity/Nature of interest	Number of Shares or underlying Shares	Approximate percentage of interest in the Company <sup>(5)</sup>
安徽中安健康投资管理有限公司 Ma'an Health Investment Management Co., Ltd. (安徽中安健康投资管理有限公司) (Anhui Zhong'an)			

SHARE-BASED PAYMENT SCHEMES

(a) Share Subscription Agreement

On March 31, 2016, the Company entered into a share subscription agreement (the Share Subscription Agreement) with certain members of the management (collectively, the Management Subscribers), the related employees of the Company, Midpoint Honour Limited (a shareholder of the Company collectively referred to as the Management Subscriber) (Midpoint Honour), H & China 2008 Management Limited (a management shareholder of the Company) and Vanguard Group, the immediate shareholder of the Company.

The Share Subscription Agreement was amended on December 4, 2016 and January 23, 2017, respectively (Amended Agreements).

Pursuant to the Share Subscription Agreement, the Company issued and sold 300 million shares (Midpoint Honour Subscription Shares), representing 3% of the Company's issued and sold shares for RMB31,152,000, and such Subscription Shares were treated as treasury shares. On December 4, 2016, the Company repurchased 14 Subscription Shares at a price of HK\$1,787,495.50 and subsequently cancelled the shares. Pursuant to the Amended Agreement, the Subscription Shares with a value amounting to RMB2,000 were treated as treasury shares. On March 16, 2017, the remaining 286 Subscription Shares were diluted to 2,860,000 shares with a value of HK\$0.001 each under the cashless exercise.

Pursuant to the Share Subscription Agreement and the Amended Agreement, Midpoint Honour, subject to the restrictions and provisions of the Share Subscription Agreement and the Management Subscriber, the Company's chief executive officer, and a certain number of employees (the Put Back Consideration). As a result, in accordance with the Management Subscriber, the related 300 million shares and the Group received from the Management Subscriber. On the same day, the employees of the Company were granted and exercised, respectively, the First Batch Share Options (for 24 million shares) and the Second Batch Share Options (for 24 million shares) under the Long Term Incentive Plan. The exercise price of the related shares was considered as a qualified share-based payment to the subscriber.

On March 15, 2018, pursuant to the Share Subscription Agreement and the Amended Agreement, the First Batch Share Options were exercised by the Management Subscriber. On March 23, 2018, the Management Subscriber, Mr. Zhan Xiaohong, resigned and the Company issued the related shares to the Management Subscriber. The related shares were subject to the restrictions.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

On March 15, 2019, the Board of Directors of the Share Subscription Plan approved the Amendment A to the Share Subscription Plan. The Board of Directors of the Share Subscription Plan also approved the Amendment A to the Share Subscription Plan. On March 31, 2019, the Share Subscription Plan was approved by the 2018 Annual General Meeting of the Shareholders of the Company. The Share Subscription Plan is subject to the relevant laws and regulations.

The share-based compensation expense related to the Share Subscription Plan A is RMB341,000 as recorded as a credit to the equity reserve of the Company ended June 30, 2019 (the 2018: RMB4,218,000).

### (b) Pre-IPO Share Appreciation Rights Scheme

On November 28, 2016, the Board of Directors of the Company approved the Pre-IPO Share Appreciation Rights Scheme (the Pre-IPO SARs Scheme) for eligible employees of the Company (the Pre-IPO SARs Grantees).

Pursuant to the Pre-IPO SAR Scheme, the Company granted 2,500,000 Pre-IPO SARs to the Pre-IPO SAR Grantees. The Pre-IPO SARs were received by the Pre-IPO SAR Grantees on June 30, 2016.

Pursuant to the Pre-IPO SAR Scheme, on March 15, 2018, the Board of Directors of the Company granted 25% of the Pre-IPO SARs to the Pre-IPO SAR Grantees. On March 23, 2018, the Pre-IPO SAR Grantee, Mr. Zhang Xiaohong, received and exercised 75% of the Pre-IPO SARs granted pursuant to the Pre-IPO SAR Scheme.

In January 2019, the Pre-IPO SAR Grantee exercised 25% of the Pre-IPO SARs granted pursuant to the Pre-IPO SAR Scheme.

On March 15, 2019, the Board of Directors of the Company granted 25% of the Pre-IPO SARs to the Pre-IPO SAR Grantees. On March 31, 2019, the Pre-IPO SAR Grantee received and exercised 50% of the Pre-IPO SARs granted pursuant to the Pre-IPO SAR Scheme.

The share-based compensation expense related to the Pre-IPO SAR Scheme is RMB2,030,000 as recorded as a credit to the equity reserve of the Company ended June 30, 2019 (the 2018: RMB2,898,000 as recorded as a credit to the equity reserve).



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (c) Service Contract with Mr. Lu Wenzuo

Pursuant to a service contract (referred to as the "New Pride Hospital Limited (New Pride) and Mr. Lu Wenzuo Service Contract"), New Pride contracted with Mr. Lu Wenzuo (referred to as "Mr. Lu Wenzuo") to provide services to Weikang Investment Management Co., Ltd. (Weikang Investment) and provide administrative services to Yaohua Hospital. As at December 31, 2017:

- (a) Certain share awards (the "Share Awards") were granted to Mr. Lu Wenzuo and T. Bai Da. Honghe Ruixin Investment Management Co., Ltd. (Honghe Ruixin) received 1% equity interest in New Pride and T. Bai Da. Honghe Zhiyuan Investment Management Co., Ltd. (Honghe Zhiyuan) received a certain amount of equity interest in each of Weikang Investment and Honghe Ruixin. As at December 31, 2017 and upon Share Awards being granted to Mr. Lu Wenzuo; and
- (b) Share awards (Mr. Lu's SARs) were granted to Mr. Lu Wenzuo. Mr. Lu's SARs were a certain amount of equity interest in Weikang Investment and Honghe Ruixin. Mr. Lu's SARs were granted to Mr. Lu Wenzuo.

On May 30, 2018, pursuant to the service contract, Mr. Lu Wenzuo and New Pride, Mr. Lu Wenzuo contracted with Weikang Investment to provide services to Weikang Investment. Pursuant to the Service Contract, the amount of debt incurred by the Share Awards was RMB40,500,000 as recorded in the consolidated financial statements.

On January 25, 2019, Mr. Lu Wenzuo submitted a resignation to New Pride and Mr. Lu's SARs. As at June 30, 2019, the resignation was accepted.

The share-based compensation expense related to Mr. Lu's SARs of RMB277,000 was recorded as an expense in the

(d) Share Incentive Scheme

On October 24, 2017, Vanguard Group entered into a share incentive scheme (the Share Incentive Scheme) with certain member companies (collectively referred to as the Share Incentive Grantees) relating to the purchase of the Share Incentive Scheme. Under the Share Incentive Scheme, Vanguard Group granted 6,412,201 share awards to the Share Incentive Grantees. The share awards will be awarded by Vanguard Group at the exercise price of HKD14.35 per share, subject to certain conditions.

On March 23, 2018, the Share Incentive Grantee, Mr. Zhen Xiang, resigned and the Company awarded a share award granted by Vanguard Group to Mr. Zhen. The award would remain vested after his resignation and will be accelerated if he is terminated.

On August 31, 2018, another member of the Share Incentive Grantee entered into a termination agreement with the Company. As a result of the termination, 25% of the share award granted by Vanguard Group to the member would be released to the member and the remaining 75% would be forfeited.

(e) Post-IPO Share Appreciation Rights Scheme

We adopted a Post-IPO Share Appreciation Rights Scheme (the "Post-IPO SARs Scheme") on December 13, 2016. The purpose of the Post-IPO SARs Scheme is to provide an incentive to the employees of the Company and/or its subsidiaries. The Post-IPO SARs Scheme is available to the employees of the Company and/or its subsidiaries who are, at the time of grant, full-time employees of the Company and/or its subsidiaries, directors, supervisors, senior management, core technical personnel, core business personnel, and other personnel who are deemed to be important to the Company and/or its subsidiaries. The Post-IPO SARs Scheme is available to the employees of the Company and/or its subsidiaries who are, at the time of grant, full-time employees of the Company and/or its subsidiaries, directors, supervisors, senior management, core technical personnel, core business personnel, and other personnel who are deemed to be important to the Company and/or its subsidiaries. The Post-IPO SARs Scheme is available to the employees of the Company and/or its subsidiaries who are, at the time of grant, full-time employees of the Company and/or its subsidiaries, directors, supervisors, senior management, core technical personnel, core business personnel, and other personnel who are deemed to be important to the Company and/or its subsidiaries.

Details of the Post-IPO SARs Scheme are set out in the Prospectus. Since the Listing Date and until the date of the latest reporting period, no Post-IPO SARs had been granted under the Post-IPO SARs Scheme.

Save as disclosed above, there are no other arrangements, schemes or plans in place for the grant of shares or options.

During the Reporting Period, the following shares and share appreciation rights were granted under the above mentioned schemes:

Category	Type	Date of Grant	Exercise Price per Share	Exercise Period	Balance as at January 1, 2019	Granted	Exercised	Cancelled/	Balance as at June 30, 2019
						during the Reporting period	during the Reporting period	Lapsed during the Reporting period	
Employee	Share Grant	March 31, 2016	RMB10.384	March 15, 2018 - March 15, 2019	2,860,000				2,860,000
	Pre-IPO Share Appreciation Rights Scheme	November 28, 2016	HKD12.80	March 15, 2018 - March 15, 2021	1,562,500		(312,500)	(250,000)	1,000,000

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### CONTINUING CONNECTED TRANSACTION

During the Reporting Period, Jade He (嘉德) and its subsidiaries (collectively referred to as the Group) entered into continuing connected transactions (the CCTs) related to Zhejiang Dajia Medical Instrument Co., Ltd.\* (浙江大佳醫療器械有限公司) (Zhejiang Dajia) and Zhejiang Zhongyouli Pharmaceutical Co., Ltd.\* (浙江中友力醫藥有限公司) (Zhejiang Zhongyouli).

As of June 30, 2019, the continuing connected transactions, medical equipment and consumables incurred by the Group

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### CHANGES TO DIRECTORS' INFORMATION

Save as disclosed under section 13.51B(1) of the Listing Rules, the directors' information required by the Listing Rules is set out in the 2019 Annual Report.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has fully complied with the Corporate Governance Code (the CG Code) contained in Appendix 14 of the Listing Rules. The Board considered that, during the Reporting Period, the Company has fully complied with the Corporate Governance Code. The Company will continue to strive to enhance its corporate governance practice in line with the CG Code.

### COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by the Directors and the relevant employees (the Code of Securities Transactions) (the Securities Dealing Code) in compliance with the required standard set out in the Model Code for Directors, the Company's Code of Securities Transactions for Directors has been made to be more stringent than the Model Code during the Reporting Period.

### AUDIT COMMITTEE

The independent non-executive directors' audit committee (the Audit Committee) was established on June 30, 2019 and has been re-elected by the Audit Committee. The Audit Committee consists of three independent non-executive Directors, Mr. Zhou Xiangliang (周向亮)





## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	June 30, 2019 RMB' 000 (Unaudited)	December 31, 2018 RMB' 000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	146,616	143,940
Right-of-use assets	3(a)	4,696	
Intangible assets	13	2,921,307	2,936,539
Leasehold improvements	13	39,015	39,487
Deferred income tax assets	23	1,170	933
Other receivables, deposits and prepayments	15	2,452	3,243
<b>Total non-current assets</b>		<b>3,115,256</b>	<b>3,124,142</b>
<b>Current assets</b>			
Inventory		7,831	8,664
Contract assets		11,454	
Trade receivables	14	37,553	33,822
Other receivables, deposits and prepayments	15	2,152	2,895
Amounts due from related parties	16	235,835	191,040
Financial assets at fair value through profit or loss	5.3	184,233	249,767
Cash and cash equivalents		881,397	195,521
<b>Total current assets</b>		<b>1,360,455</b>	<b>681,709</b>
<b>Total assets</b>		<b>4,475,711</b>	<b>3,805,851</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	17	123	123
Share premium	17	435,304	432,993
Treasury share	17	-	*
Reserves	18	914,779	910,458
Retained earnings/(accumulated losses)		62,857	(19,172)
		1,413,063	1,324,402
<b>Non-controlling interests</b>		<b>356,478</b>	<b>343,582</b>
<b>Total equity</b>		<b>1,769,541</b>	<b>1,667,984</b>

\* Treasury share valued at the end of year RMB500.

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.



## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET *CONTINUED*

	Note	June 30, 2019 RMB' 000 (Unaudited)	December 31, 2018 RMB' 000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	21	136,502	173,923
Convertible bonds	22	1,714,985	1,073,856
Lease liabilities	3(a)	2,022	
Deferred income tax liabilities	23	350,498	350,512
Accrued interest payable and other	20	437	1,466
<b>Total non-current liabilities</b>		<b>2,204,444</b>	<b>1,599,757</b>
<b>Current liabilities</b>			
Trade payable	19	16,095	16,885
Accrued interest payable and other	20	72,604	137,836
Amount due to related parties	16	27,634	40,136
Contract liabilities		70	549
Current income tax liabilities		37,016	31,212
Borrowings	21	125,125	89,692
Lease liabilities	3(a)	2,382	
Financial liabilities at amortized cost		220,800	221,800
<b>Total current liabilities</b>		<b>501,726</b>	<b>538,110</b>
<b>Total liabilities</b>		<b>2,706,170</b>	<b>2,137,867</b>
<b>Total equity and liabilities</b>		<b>4,475,711</b>	<b>3,805,851</b>

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements for the period ended 30 June 2019 were approved by the Board of Directors on 28 August 2019 and are signed by the directors.

Zha Jiefu Hua

Shan Guo

Note	Attributable to owners of the Company						Attributable to non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Reserves (Note 18)	Retained earnings	Sub-total		
	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
Comprehensive income								
Profit	-	-	-	-	82,029	82,029	12,896	94,925
Share-based payments	17	-*	2,311	-	-	2,311	-	2,311
Share-based payments - share subscription premium	18	-	-	311	-	311	-	311
Share-based payments - share repurchase	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 attributable to the share repurchase of RMB500.

The above condensed consolidated financial statements should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *CONTINUED*

Note	Attributable to the Company					Attributable to the Minority		
	Share Capital	Treasury Share	Share Premium	Reserve (Note 18)	Retained Earnings	Subsidiary	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>(Unaudited)</i>								
Balance at January 1, 2018	123	(3)	404,021	1,070,628	39,344	1,514,113	48,012	1,562,125
Comprehensive Income								
-(Loss)/Profit					(38,269)	(38,269)	2,093	(36,176)
Net Income attributable to the Company							146,499	146,499
Share issued under the share-based payment	17	3	28,972	40,500		69,475		69,475
Share-based payment - share subscription	18			2,687		2,687		2,687
Share-based payment - share repurchase	18			12,124		12,124		12,124
Balance at June 30, 2018	<u>123</u>	<u>*</u>	<u>432,993</u>	<u>1,125,939</u>	<u>1,075</u>	<u>1,560,130</u>	<u>196,604</u>	<u>1,756,734</u>

\* The balance is valued at the rate of RMB500.

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

Hosana Corporation Limited (the Company) is incorporated in the Cayman Islands. On February 21, 2014, a share emission limited liability order under the Companies Law (Cap. 22, Law 3 of 1961 as amended and revised) of the Cayman Islands. The address of the Company is: Level 3, PO Box 309, Union House, Grand Cayman, KY1-1104, Cayman Islands.

The Company, its former subsidiaries (collectively referred to as the Group), are principally engaged in the development and manufacturing of pharmaceuticals. The Group is a public company listed on the Shanghai Stock Exchange in the People's Republic of China (the PRC).

The Company is controlled by Vanguard Group Limited (Vanguard Group), a subsidiary of HSBC Cayman Fund V, L.P., which is considered a ultimate beneficial owner of the Company.

The directors are the Company shareholders: Mr. Ma Bin and Mr. Si Cheng are HSBC Key Limited. On March 16, 2017.

The interim condensed financial statements are prepared in Renminbi ("RMB") and rounded to the nearest million RMB, unless otherwise stated.

## 2 BASIS OF PREPARATION

The interim condensed financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued June 30, 2019. The interim condensed financial statements are prepared in accordance with the International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The interim condensed financial statements do not include a comparative period. The financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2018, which have been prepared in accordance with International Financial Reporting Standard ("IFRS"), and any subsequent amendments made by the Company during the interim period ended June 30, 2019.

The accounting policies adopted are consistent with the annual financial statements of the year ended December 31, 2018, as described in the annual financial statements, except for the adoption of the new and amended standards that are applicable.

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

A number of the new and amended standards became applicable to the current reporting period, and the Group has adopted the accounting policies and made any necessary adjustments to the financial statements in accordance with IFRS 16 Lease.

The new and amended standards of the year-end financial statements and the accounting policies are disclosed in Note 3 below. The new standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

3 CHANGES IN ACCOUNTING POLICIES

The Group has adopted IFRS 16 Lease from January 1, 2019. The Group has also adopted IAS 17 Lease from January 1, 2019. The Group has also adopted IAS 17 Lease from January 1, 2019. The Group has also adopted IAS 17 Lease from January 1, 2019.

The Group has adopted IFRS 16 from January 1, 2019, but has not yet issued its financial statements for the 2018 reporting period, as determined under the applicable financial reporting standard. The reconciliation and adjustments arising from the adoption of IFRS 16 are presented in the following table as at January 1, 2019.

(a) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities of RMB1,612 million. The Group has also recognised lease liabilities of RMB1,485 million under the previous IAS 17 Lease. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the leasee's incremental borrowing rate as at January 1, 2019. The effective interest rate applied to the lease liabilities as at January 1, 2019 is 4.90%.

	2019 RMB'000
Overall lease commitment disclosed as at December 31, 2018	1,612
Discounted value of leasee's incremental borrowing rate as at the date of initial adoption	1,485
(Lease): Short-term lease recognised as a trade payable	(602)
(Lease): Leasee's lease recognised as a trade payable	(8)
<b>Lease liability recognised as at January 1, 2019</b>	<b>875</b>
<b>Details are:</b>	
Current lease liability	277
Non-current lease liability	598
	<b>875</b>

The amount of RMB1,612 million lease liabilities were measured as at the reporting date based on the lease payments to be made. The amount of RMB1,485 million lease liabilities were measured at the present value of the remaining lease payments, discounted using the leasee's incremental borrowing rate as at January 1, 2019. The effective interest rate applied to the lease liabilities as at January 1, 2019 is 4.90%.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 3 CHANGES IN ACCOUNTING POLICIES *continued*

#### (a) Adjustments recognised on adoption of IFRS 16 *continued*

The recognised right-of-use assets are created by the following amounts:

	June 30, 2019 RMB' 000	January 1, 2019 RMB' 000
Property	4,696	1,109
<b>Total right-of-use assets</b>	<b>4,696</b>	<b>1,109</b>

The corresponding adjustments are applied to the following balance sheet at January 1, 2019:

Right-of-use assets increased by RMB1,109,000

Prepaid expenses decreased by RMB234,000

Lease liabilities increased by RMB875,000

There is no impact on earnings for January 1, 2019.

#### (i) Impact of the measurement and earnings per share

Segment assets and segment liabilities at June 2019 increased as a result of the corresponding adjustments to EBITDA decreased accordingly. Lease liabilities are included in segment liabilities. The segment earnings were affected by the corresponding adjustments:

	EBITDA RMB' 000	Segment assets RMB' 000	Segment liabilities RMB' 000
General Services	-	417	312
Western Pharmaceutical Division	-	953	875
Unaffiliated	(25)	3,326	3,217
	<b>(25)</b>	<b>4,696</b>	<b>4,404</b>

Earnings per share decreased by RMB0.004 per share as a result of the measurement of June 30, 2019 as a result of the adoption of IFRS 16.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 3 CHANGES IN ACCOUNTING POLICIES *continued*

### (a) Adjustments recognised on adoption of IFRS 16 *continued*

(i) *Practical expedients applied*

The Group has applied IFRS 16 retrospectively from the beginning of the reporting period. The practical expedients permitted by the Standard:

The Group has elected to use the simplified measurement method for lease liabilities.

The Group has elected to use the simplified measurement method for lease liabilities.

The accounting for the lease liabilities is applied from the beginning of the reporting period, 12 months prior to January 1, 2019 and the lease liabilities are measured at the beginning of the reporting period.

The Group has elected to use the simplified measurement method for lease liabilities.

The Group has elected to use the simplified measurement method for lease liabilities.

The Group has applied the simplified measurement method for lease liabilities, and the lease liabilities are measured at the beginning of the reporting period, 12 months prior to January 1, 2019 and the lease liabilities are measured at the beginning of the reporting period. The Group has applied the simplified measurement method for lease liabilities, and the lease liabilities are measured at the beginning of the reporting period, 12 months prior to January 1, 2019 and the lease liabilities are measured at the beginning of the reporting period.

### (b) The Group's leasing activities and how these are accounted for

The Group has leasehold interests in property, plant and equipment and intangible assets. The leasehold interests are accounted for as operating leases. The Group has leasehold interests in property, plant and equipment and intangible assets. The leasehold interests are accounted for as operating leases. The Group has leasehold interests in property, plant and equipment and intangible assets. The leasehold interests are accounted for as operating leases.

Under the 2018 Finance Act, the Group has leasehold interests in property, plant and equipment and intangible assets. The leasehold interests are accounted for as operating leases. The Group has leasehold interests in property, plant and equipment and intangible assets. The leasehold interests are accounted for as operating leases.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 3 CHANGES IN ACCOUNTING POLICIES *continued*

### (b) The Group's leasing activities and how these are accounted for *continued*

From January 1, 2019, lease are recognized at the time of commencement of the lease term. At the date of commencement of the lease term, the lease liability is measured at the present value of the lease payments that are not yet paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group uses the incremental borrowing rate. Each lease liability is initially measured at cost before lease commencement. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method), and by decreasing the carrying amount to reflect the payments made during the lease term. Lease liabilities are classified as current liabilities if the maturity of the lease term is within one year (or the operating cycle if longer than one year), otherwise they are classified as non-current liabilities.

All lease liabilities are initially measured at the present value of the lease payments that are not yet paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group uses the incremental borrowing rate.

Lease liability (including the lease liability), is classified as current liability if the maturity of the lease term is within one year (or the operating cycle if longer than one year), otherwise they are classified as non-current liabilities.

Lease liabilities are classified as current liabilities if the maturity of the lease term is within one year (or the operating cycle if longer than one year), otherwise they are classified as non-current liabilities.

Lease liabilities are classified as current liabilities if the maturity of the lease term is within one year (or the operating cycle if longer than one year), otherwise they are classified as non-current liabilities.

Lease liabilities are classified as current liabilities if the maturity of the lease term is within one year (or the operating cycle if longer than one year), otherwise they are classified as non-current liabilities.

4 ESTIMATES

The preparation of interim financial statements requires management to make estimates, evaluations and assumptions that affect the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The management of the consolidated financial statements has made certain judgements made by management of the Group's accounting policies and the source of the financial information. There are no material changes to the consolidated financial statements for the year ended December 31, 2018.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group activities are exposed to various financial risks: market risk (including interest rate and foreign exchange), credit risk and liquidity risk.

The management of the consolidated financial statements do not include a financial risk management policy and disclosure required by the applicable financial statements, and should be read in conjunction with the Group's applicable financial statements at December 31, 2018.

There has been no change in the financial risk management policy for the year ended.

5.2 Liquidity risk

Compared with the 2018 year end, the company's additional contractual cash outflows are realized. The cash and bank balances are HKD800,000,000, which is matured for the year. The company's main cash and contractual cash outflows are the financial liabilities. Upon the maturity, the Company's cash and bank balances will be redeemed. The amount of cash and bank balances is estimated to be sufficient to cover the cash and bank balances + the cash and bank balances 6% - 5%.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

#### 5.3 Fair value estimation

##### (i) Fair value hierarchy

The Group has used the judgement and estimate made to determine the fair value of the financial instruments that are recognised and measured at fair value. The financial instruments that include a significant non-reliable observable inputs used to determine fair value, the Group has classified the financial instruments as Level 2. The free float is recorded under the applicable standard. Any para. of each fee is recorded as a liability.

The financial instruments of the Group financial assets and liabilities are measured at fair value at June 30, 2019 and December 31, 2018.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<i>(Unaudited)</i>				
As at June 30, 2019				
<b>Assets</b>				
Financial assets at fair value				
measured at fair value ("FVPL")				
Market quoted financial assets		183,033		183,033
Carrying amount of acquire subsidiaries' remaining interest			1,200	1,200
<b>Total assets</b>		<b>183,033</b>	<b>1,200</b>	<b>184,233</b>
<b>Liabilities</b>				
Financial liability at FVPL				
Convertible bond (Note 22)			1,714,985	1,714,985
<b>Total</b>				

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *continued*

### 5.3 Fair value estimation *continued*

#### (i) Fair value hierarchy *continued*

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<i>(Audited)</i>				
As at December 31, 2018				
<b>Assets</b>				
Financial assets at FVPL				
Monetary instruments at amortised cost		248,567		248,567
Available-for-sale financial assets			1,200	1,200
<b>Total assets</b>		<b>248,567</b>	<b>1,200</b>	<b>249,767</b>
<b>Liabilities</b>				
Financial liabilities at FVPL				
Contractual liabilities			1,073,856	1,073,856
<b>Total liabilities</b>			<b>1,073,856</b>	<b>1,073,856</b>

There were no transfers between Level 1, 2 and 3 during the period.

The Group's policy is to record the transfer of an asset or liability to a fair value hierarchy level at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The instruments are included in Level 1.

Level 2: The fair value of financial instruments that are traded in active markets (for example, over-the-counter derivatives), determined using quoted prices for similar instruments in active markets, quoted prices for identical instruments in inactive markets and dealer quotations, where applicable, are included in Level 2.

Level 3: The fair value of financial instruments that are based on unobservable market data, the instruments are included in Level 3. The fair value calculation used equities.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(continued)*

#### 5.3 Fair value estimation *(continued)*

(i) *Value of financial assets and liabilities determined at fair value*

Subsequent to the end of the reporting period, the fair value of financial instruments include:

Trade receivables, trade payables, other receivables, other payables, and

financial assets and liabilities held for sale (see note 5.2).

(ii) *Fair value measurement using significant nonobservable inputs (see 2)*

The following table details the classification of the financial instruments measured at fair value as at June 30, 2019.

	Market Quoted Bid Bid Rate RMB'000
<i>(Unaudited)</i>	
Opening balance as at January 1, 2019	248,567
Add:	
Settlement	(68,730)
Gains recorded in other comprehensive income*	3,196
	<hr/>
Closing balance as at June 30, 2019	<u>183,033</u>
	<hr/>
* Includes unrealized gains recorded in other comprehensive income	
balance recorded in other comprehensive income	<u>2,490</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *continued*

#### 5.3 Fair value estimation *continued*

(c) Fair value measurement using the market approach based on observable inputs (Level 3)

	Carrying amount at the beginning of the period (N Ye 22) RMB' 000	Change in carrying amount during the period (N Ye 22) RMB' 000	Total carrying amount at the end of the period (N Ye 22) RMB' 000
<i>(Unaudited)</i>			
Opening balance as at January 1, 2019	1,200	(1,073,856)	(1,072,656)
Additions		(682,160)	(682,160)
Disposals			
Gain recognized on disposal of financial assets*		41,031	41,031
Closing balance as at June 30, 2019	<u>1,200</u>	<u>(1,714,985)</u>	<u>(1,713,785)</u>
* Include unrealized gain recognized on disposal of financial assets attributable to the period ended June 30, 2019		<u>41,031</u>	<u>41,031</u>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *continued*

#### 5.4 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the financial assets and liabilities are determined based on their carrying amount, since these are receivables/liabilities either current or near-term in nature. They are as follows:

Trade receivable

Contract asset

Other receivable, debt and derivatives

Amount due from related party

Cash and cash equivalents

Trade payable

Contract liability

Accrued interest payable and other (including contract liability)

Amount due to related party

Bank







## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 6 SEGMENT INFORMATION *(continued)*

Segment information is tabulated by the following categories:

	General hospital services RMB' 000	Hospital management services RMB' 000	Wholesale of pharmaceutical products RMB' 000	Elimination RMB' 000	Unallocated RMB' 000	Total RMB' 000
<i>(Unaudited)</i>						
Six months ended June 30, 2019						
Segment revenue	98,301	108,181	2,948	(899)	-	208,531
Inter-segment revenue	-	-	(899)	899	-	-
Revenue from external customers	<u>98,301</u>	<u>108,181</u>	<u>2,049</u>	<u>-</u>	<u>-</u>	<u>208,531</u>
Total revenue received from:						
- External customers	46,419	-	2,049	-	-	48,468
- Other	<u>51,882</u>	<u>108,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,063</u>
	<u>98,301</u>	<u>108,181</u>	<u>2,049</u>	<u>-</u>	<u>-</u>	<u>208,531</u>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 7 OTHER GAINS/(LOSSES) -NET

	Six months ended June 30,	
	2019 RMB' 000 (Unaudited)	2018 RMB' 000 (Unaudited)
Net fair value gain/(loss) on investments	41,031	(43,682)
Net fair value gain on FVPL	3,196	2,415
Other	(1,648)	(77)
	<u>42,579</u>	<u>(41,344)</u>

### 8 OTHER INCOME

	Six months ended June 30,	
	2019 RMB' 000 (Unaudited)	2018 RMB' 000 (Unaudited)
Government grant and subsidy (a)	109	1,509
Other	406	279
	<u>515</u>	<u>1,788</u>

- (a) The Government grant and subsidy of RMB109,000 (compared with RMB1,509,000) mainly consists of RMB75,000 (compared with RMB1,380,000) related to the People's Government of Shaanxi Province's Shaanxi Provincial Government's "Wealth Improvement" (compared with RMB1,380,000).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 9 FINANCE INCOME/(EXPENSE)-NET

	Six months ended June 30,	
	2019 RMB' 000 (Unaudited)	2018 RMB' 000 (Unaudited)
Finance income		
Finance income from financial assets at amortized cost	1,000	
Interest income from deposits	3,032	
Interest income from term bank deposits	110	
Interest income from deposits related to bank	106	
Interest income from term structured deposits	-	423
Finance charges	20,998	
	<u>25,246</u>	<u>423</u>
Finance expense		
Finance charges	-	(959)
Interest expense on bank borrowings	(6,097)	(7,676)
Interest expense on lease liabilities	(25)	
	<u>(6,122)</u>	<u>(8,635)</u>
Finance income/(expense)	<u>19,124</u>	<u>(8,212)</u>

### 10 INCOME TAX EXPENSE

Subsidiaries established and operated in Mainland China are subject to the PRC corporate income tax at the rate of 15% or 25% (from July 1, 2018: 15% or 25%) in the period ended June 30, 2019.

	Six months ended June 30,	
	2019 RMB' 000 (Unaudited)	2018 RMB' 000 (Unaudited)
Current income tax:		
PRC corporate income tax	18,265	12,793
Deferred income tax (Net)	(251)	(3,367)
	<u>18,014</u>	<u>9,426</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 10 INCOME TAX EXPENSE

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 11 EARNINGS/(LOSSES) PER SHARE

- (a) Basic earnings/(losses) per share



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 12 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, 2019						
Net book value						
On January 1, 2019						
	115,678	234	21,319	6,709	-	143,940
Additions	-	7	5,115	138	2,491	7,751
Disposals	(117)	-	(56)	(17)	-	(190)
Depreciation	(2,067)	(46)	(1,992)	(780)	-	(4,885)
Carrying amount at June 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>

*(Unaudited)*

Six months ended June 30, 2018

Net book value

On January 1, 2018

	17,765	21		597		18,383
Additions			5,272	606		5,878
Buildings completed	101,990	313	17,982	6,722		127,007
Depreciation	(2,106)	(57)	(1,550)	(809)		(4,522)
Carrying amount at June 30, 2018	<u>117,649</u>	<u>277</u>	<u>21,704</u>	<u>7,116</u>		<u>146,746</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 13 INTANGIBLE ASSETS AND LAND USE RIGHT

	Goodwill RMB' 000	Contractual rights to provide management services RMB' 000	Licenses RMB' 000	Software RMB' 000	Sub-total RMB' 000	Land use right RMB' 000	Total RMB' 000
<i>(Unaudited)</i>							
Six months ended June 30, 2019							
Net balance							
Opening balance at January 1, 2019	1,617,767	1,137,153	180,047	1,572	2,936,539	39,487	2,976,026
Additions	-	-	-	178	178	-	178
Amortization	-	(11,823)	(3,427)	(160)	(15,410)	(472)	(15,882)
Closing balance 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>	<u>39,015</u>	<u>2,960,322</u>
<i>(Unaudited)</i>							
Six months ended June 30, 2018							
Net balance							
Opening balance at January 1, 2018	950,915	108,313		174	1,059,402		1,059,402
Additions				1,400	1,400		1,400
Balance contributed	475,467	322,900	186,900	92	985,359	40,430	1,025,789
Amortization		(2,768)	(3,347)	(82)	(6,197)	(473)	(6,670)
Closing balance at June 30, 2018	<u>1,426,382</u>	<u>428,445</u>	<u>183,553</u>	<u>1,584</u>	<u>2,039,964</u>	<u>39,957</u>	<u>2,079,921</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 14 TRADE RECEIVABLES

	As at June 30, 2019 RMB' 000 (Unaudited)	As at December 31, 2018 RMB' 000 (Audited)
Trade receivable	40,112	34,822
Less: Allowance for doubtful trade receivable	(2,559)	(1,000)
Trade receivable net	<u>37,553</u>	<u>33,822</u>

The carrying amount of the Group's trade receivable are denominated in RMB and are measured at fair value.

As at June 30, 2019 and December 31, 2018, the ageing analysis based on invoice date of the trade receivable is as follows:

	As at June 30, 2019 RMB' 000 (Unaudited)	As at December 31, 2018 RMB' 000 (Audited)
1 - 90 days	30,453	28,843
91 - 180 days	2,606	2,150
181 days - 1 year	5,197	2,795
Over 1 year	1,856	1,034
	<u>40,112</u>	<u>34,822</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at June 30, 2019 RMB' 000 (Unaudited)	As at December 31, 2018 RMB' 000 (Audited)
Prepayment for purchase of equipment	1,859	3,243
Advance to employee	777	516
Deposit for rent	557	539
Receivable from Social Security Bureau	530	303
Other prepayment	441	806
Other receivable	440	731
	<hr/>	<hr/>
Total	4,604	6,138
Less: non-current assets	<hr/> 2,452	<hr/> 3,243
Current assets	<hr/> <u>2,152</u>	<hr/> <u>2,895</u>

The carrying amounts of other receivable, deposit and prepayment are denominated in RMB and are non-material in nature.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 16 BALANCES WITH RELATED PARTIES

As at June 30, 2019 and December 31, 2018, the balances with related parties are unsecured, were free, receivable/demandable and are denominated in RMB.

	As at June 30, 2019 RMB' 000 (Unaudited)	As at December 31, 2018 RMB' 000 (Audited)
<b>Amounts due from related parties</b>		
Trade receivable		
Jiangua Hospital	113,743	97,858
Yanji Hospital	72,876	32,456
Chang Hospital	8,601	226
Other		
Jiangua Hospital	40,000	21,102
Vanward Group Limited	360	360
Yanji Hospital	202	56
Middle East Hospital Limited	36	36
Grand Rich Hotel Limited	9	9
Han Previews Limited	8	8
Dongfang Guojia Hospital	-	37,356
Hong Kong China Fund VIII (Cambodia), L.P.	-	1,573
<b>Total</b>	<b>235,835</b>	<b>191,040</b>

As at June 30, 2019 and December 31, 2018, the accounts receivable are based on trade date. The trade receivable are as follows:

	As at June 30, 2019 RMB' 000 (Unaudited)	As at December 31, 2018 RMB' 000 (Audited)
Within 30 days	50,442	39,677
30 to 90 days	50,142	10,048
90 to 180 days	8,773	14,319
Over 180 days	85,863	66,496
<b>Total</b>	<b>195,220</b>	<b>130,540</b>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 17 SHARE CAPITAL, TREASURY SHARES AND SHARE PREMIUM

	Number of shares	Nominal value of shares HKD
Authorized		
Ordinary share	500,000,000	500,000

	Number of shares	Ordinary shares RMB' 000	Treasury shares RMB' 000	Share premium RMB' 000	Total RMB' 000
<i>(Unaudited)</i>					
Issued and Paid					
As at January 1, 2019	138,194,000	123	–*	432,993	433,116
Verbal share repurchase under the share buy-back scheme	–	–	–*	2,311	2,311
As at June 30, 2019	<u>138,194,000</u>	<u>123</u>	<u>–</u>	<u>435,304</u>	<u>435,427</u>

	Number of share	Ordinary share RMB' 000	Treasury share RMB' 000	Share premium RMB' 000	Total RMB' 000
<i>(Unaudited)</i>					
Issued and Paid					
As at January 1, 2018	138,194,000	123	(3)	404,021	404,141
Verbal share repurchase under the share buy-back scheme	–	–	3	28,972	28,975
As at June 30, 2018	<u>138,194,000</u>	<u>123</u>	<u>–*</u>	<u>432,993</u>	<u>433,116</u>

\* Treasury shares valued at the share price of RMB500.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 18 RESERVES

	Capital reserve RMB' 000	Other reserve RMB' 000	Total RMB' 000
<i>(Unaudited)</i>			
At January 1, 2019	878,445	32,013	910,458
Share-based payment - share subscription premium	311	-	311
Share-based payment - share option premium	4,010	-	4,010
	<u>882,766</u>	<u>32,013</u>	<u>914,779</u>
At June 30, 2019	<u>882,766</u>	<u>32,013</u>	<u>914,779</u>
<i>(Unaudited)</i>			
At January 1, 2018	1,046,641	23,987	1,070,628
Share-based payment - share award	40,500	-	40,500
Share-based payment - share subscription premium	2,687	-	2,687
Share-based payment - share option premium	12,124	-	12,124
	<u>1,101,952</u>	<u>23,987</u>	<u>1,125,939</u>
At June 30, 2018	<u>1,101,952</u>	<u>23,987</u>	<u>1,125,939</u>

### 19 TRADE PAYABLES

All amounts are in RMB, unless otherwise stated. Trade payables are analysed by ageing as follows:

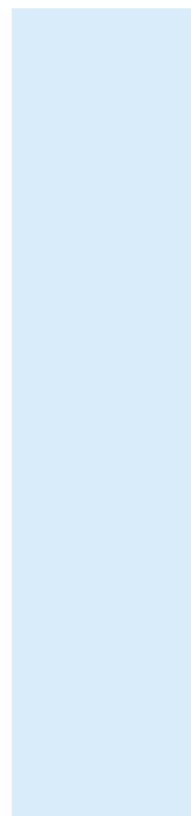
	As at June 30, 2019 RMB' 000 (Unaudited)	As at December 31, 2018 RMB' 000 (Audited)
Within 90 days	11,520	10,474
91 to 180 days	1,820	4,807
181 days to 1 year	1,505	713
Over 1 year	1,250	891
	<u>16,095</u>	<u>16,885</u>

The carrying amounts of trade payables are denominated in RMB. The carrying amounts are primarily for amounts due over the short term maturity.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 20 ACCRUALS, OTHER PAYABLES AND PROVISIONS





## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 22 CONVERTIBLE BONDS

The movement of convertible bonds are as follows:

	Convertible Bonds			Total RMB' 000
	March 5, 2018 RMB' 000	August 7, 2018 RMB' 000	February 27, 2019 RMB' 000	
As at January 1, 2019	430,241	643,615	–	1,073,856
Issuance of convertible bonds during the period	–	–	682,160	682,160
Difference between fair value and book value arising from revaluation of convertible bonds	2,318	(7,633)	120	(5,195)
Fair value changes arising from changes in convertible bond value	(35,931)	(44,686)	39,953	(40,664)
Accumulated amortisation of difference between fair value and book value arising from revaluation of convertible bonds during the period	(642)	636	–	(6)
Amortisation of difference between recorded value and fair value at June 30, 2019	(1,290)	6,234	(110)	4,834
<b>As at June 30, 2019</b>	<b>394,696</b>	<b>598,166</b>	<b>722,123</b>	<b>1,714,985</b>

#### (i) Convertible bonds issued on March 5, 2018

Convertible bonds were issued on March 5, 2018. The carrying amount of convertible bonds issued on March 5, 2018 was RMB394,696,000 as at June 30, 2019.

As at June 30, 2019, the fair value of convertible bonds was HKD450,156,000, equivalent to RMB395,986,000, which is determined based on the quoted market price.

22 CONVERTIBLE BONDS *continued*

(ii) Convertible bonds issued on August 7, 2018

Notes convertible bond are issued in the form of convertible bonds during the interim period ended June 30, 2019.

As at June 30, 2019, the carrying amount of the convertible bond is a **gross** amount of HKD672,911,000, equivalent to a **gross** amount of RMB591,932,000, which is determined based on the redemption value.

(iii) Convertible bonds issued on February 27, 2019

On February 27, 2019, the Company issued convertible bonds of a **gross** amount of HKD800,000,000 (equivalent to a **gross** amount of RMB682,160,000) at a coupon rate of 5% per annum. The convertible bonds are convertible into ordinary shares of the Company at the option of the bondholder at a conversion price of HKD20.00 per convertible bond (subject to adjustment of the conversion price). Upon maturity, the Company has the right to redeem the convertible bonds at the redemption value calculated according to the following formula: **gross** amount of convertible bonds + **gross** amount of convertible bonds × 6% × 5.

The convertible bonds are denominated in the local currency of the issuer. The carrying amount of the convertible bonds as at February 27, 2019 is HKD800,140,300, which is determined based on the redemption value and a **gross** amount of **gross** amount.

Financial liabilities and carrying amounts of the convertible bonds are measured at fair value at initial recognition. The fair value of the convertible bonds is determined using the market approach. Subsequently, the carrying amount is remeasured, and the change in the carrying amount is recognized in the profit or loss account.

Notes convertible bond are issued in the form of convertible bonds during the interim period ended June 30, 2019.

As at June 30, 2019, the carrying amount of the convertible bond is a **gross** amount of HKD821,036,000, equivalent to a **gross** amount of RMB722,233,000, which is determined based on the redemption value.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 23 DEFERRED INCOME TAX

	As at June 30, 2019 RMB' 000 (Unaudited)	As at December 31, 2018 RMB' 000 (Audited)
<b>Deferred income tax assets:</b>		
Deferred income tax assets to be recognized after 12 months	–	
Deferred income tax assets to be recognized within 12 months	1,170	933
	<u>1,170</u>	<u>933</u>
<b>Deferred income tax liabilities:</b>		
Deferred income tax liabilities to be settled after 12 months	(323,842)	(329,042)
Deferred income tax liabilities to be settled within 12 months	(26,656)	(21,470)
	<u>(350,498)</u>	<u>(350,512)</u>
Deferred income tax assets less liabilities	<u>(349,328)</u>	<u>(349,579)</u>

#### Deferred income tax assets

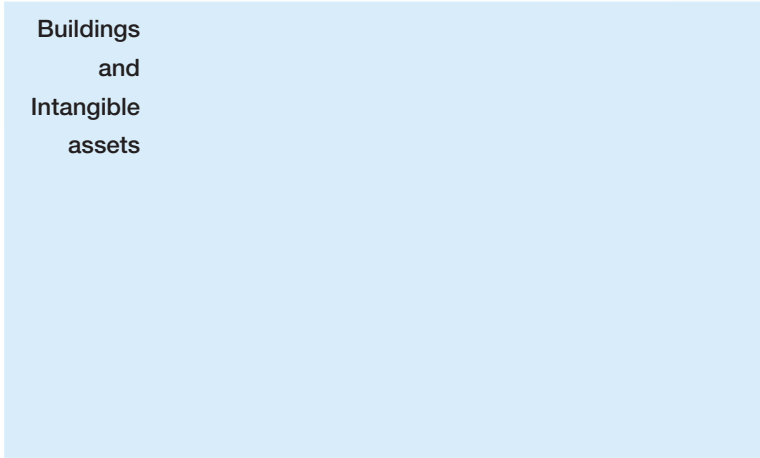
	Provisions RMB' 000	Changes in fair value RMB' 000	Unrealized profit RMB' 000	Total RMB' 000
<i>(Unaudited)</i>				
Balance at January 1, 2019	694	173	66	933
Credited to income statement	303	–	(66)	237
	<u>997</u>	<u>173</u>	<u>–</u>	<u>1,170</u>
<i>(Unaudited)</i>				
Balance at January 1, 2018				
Balance at combination	472			472
Credited to income statement	168	3,571	192	3,931
	<u>640</u>	<u>3,571</u>	<u>192</u>	<u>4,403</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 23 DEFERRED INCOME TAX *continued*

#### Deferred income tax liabilities

Buildings  
and  
Intangible  
assets



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 26 SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if they have the ability, directly or indirectly, to control or influence the reporting entity or to exercise significant influence over the reporting entity and have the ability to affect the entity's financial position, performance or operating results. A shareholding of 10% or more in the ordinary shares of the reporting entity is presumed to give rise to a relationship unless the shareholder is a member of the Group's management or a director. Other parties are also considered to be related if they are subject to common control, common significant influence or joint control. Members of the management and former members of the Group are also considered to be related parties.

The directors of the Company are the following parties that have had transactions with the Group are related parties:

Name	Relationship with the Group
Yan Junhua	Chief executive officer and director of the Group are Yan Junhua's daughter-in-law and spouse member
Cao Hongbin	Chief executive officer and director of the Group are Cao Hongbin's daughter-in-law and spouse member
Jianghua He	Chief executive officer and director of the Group are Jianghua He's daughter-in-law and spouse member
Dingfang Guan	Chief executive officer and director of the Group are Dingfang Guan's daughter-in-law and spouse member
Yan Junhua	Chief executive officer and director of the Group are Yan Junhua's daughter-in-law and spouse member
Vanguard Group Limited	Parent company
Grand Rich Holdings Limited	Related party controlled by the former CEO during 2018
Minghui Hospital Limited	Related party controlled by the management member
Han Previews Limited	Related party parent company
Zhejiang Xingfa Information Technology Co., Ltd.	Related party controlled by Mr. Han Junhua
Daja Medical Equipment Co., Ltd.	Related party controlled by Mr. Han Junhua
Daja Group Co., Ltd.	Related party controlled by Mr. Han Junhua
Zhejiang Zhenyu Medical Co., Ltd.	Related party controlled by a former member of Mr. Han Junhua
Hong Kong Fu'd VIII (Cambodia), L.P.	Managed by Hong Kong Fu'd VIII GP (Cambodia) Limited, controlled and managed by 49% by Mr. Zhenyu Hua

The significant transactions were carried out between the Group and related parties during the period ended June 30, 2019 and 2018. If the directors of the Company, the related parties had transactions were carried out in the ordinary course of business and at arm's length between the Group and the related parties.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 26 SIGNIFICANT RELATED PARTY TRANSACTIONS *continued*

#### (a) Significant transactions with related parties

	Six months ended June 30,	
	2019 RMB' 000 (Unaudited)	2018 RMB' 000 (Unaudited)
Management Service Fee		
Yanjiu Hospital	77,577	83,650
Jiuzhou Hospital	19,702	
Chengde Hospital	9,793	3,758
	<u>107,072</u>	<u>87,408</u>
Purchase of medical equipment and pharmaceuticals		
Zhejiang Zhenyuan Medical Device Co., Ltd.	17,825	
Dajia Medical Equipment Co., Ltd.	3,026	8,125
	<u>20,851</u>	<u>8,125</u>

#### (b) Loans to related parties

	Six months ended June 30,	
	2019 RMB' 000 (Unaudited)	2018 RMB' 000 (Unaudited)
Loan to Dongyang Guangfu Hospital		
Balance transferred	–	3,000
Interest confirmed	–	73
Interest received	–	(73)
	<u>–</u>	<u>3,000</u>
End balance transferred	–	3,000



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 26 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### (c) Key management compensation

Key management compensation includes directors' and employees' remuneration. The compensation is paid to the key management employees in the form of:

	Six months ended June 30,	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Wages, salaries and bonuses	7,616	12,365
Share-based compensation expense	-	24,229
Other	192	354
	<u>7,808</u>	<u>36,948</u>

### 27 EVENTS AFTER THE REPORTING PERIOD

On July 24, 2019, a share repurchase agreement was entered into between the Company and Jiahua Hui. Under the agreement, the Company has agreed to purchase 10,000,000 shares of the Company's ordinary shares with a total value of RMB80,000,000, and the repurchase price is 5.23% above the closing price of the Company's ordinary shares on the date of the agreement. The repurchase price is subject to adjustment based on the closing price of the Company's ordinary shares on the date of the agreement. The repurchase price is subject to adjustment based on the closing price of the Company's ordinary shares on the date of the agreement. The repurchase price is subject to adjustment based on the closing price of the Company's ordinary shares on the date of the agreement.

Jiahua Hui (a creditor) has provided a guarantee for the accounts receivable of the medical service department of the Company (a creditor) to secure Jiahua Hui's loan. The loan is secured by the accounts receivable of the Company.