通用環球醫療集團有限公司
GENERTEC UNIVERSAL MEDICAL GROUP COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
Stock code : 2666

Interim Report 2020

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman and Vice-chairman

Mr. Zhang Yichen *(Chairman)*
Ms. Peng Jiahong *(Vice-chairwoman)*

Executive Directors

Ms. Peng Jiahong *(Chief Executive Officer)*
Mr. Yu Gang

Non-executive Directors

Mr. Zhang Yichen
Ms. Liu Kun
Mr. Liu Zhiyong
Mr. Liu Xiaoping
Mr. Su Guang

Independent Non-executive Directors

Mr. Li Yinquan
Mr. Chow Siu Lui
Mr. Han Demin
Mr. Liao Xinbo

AUDIT COMMITTEE

Mr. Li Yinquan *(Chairman)*
Mr. Liu Xiaoping
Mr. Chow Siu Lui

REMUNERATION COMMITTEE

Mr. Chow Siu Lui *(Chairman)*
Mr. Liu Zhiyong
Mr. Han Demin

NOMINATION COMMITTEE

Mr. Zhang Yichen *(Chairman)*
Mr. Chow Siu Lui
Mr. Liao Xinbo

STRATEGY COMMITTEE

Ms. Peng Jiahong *(Chairwoman)*
Mr. Zhang Yichen
Ms. Liu Kun

RISK CONTROL COMMITTEE

Mr. Su Guang *(Chairman)*
Mr. Liu Zhiyong
Ms. Peng Jiahong

COMPANY SECRETARY

Ms. Ng Wai Kam

AUTHORISED REPRESENTATIVES

Ms. Peng Jiahong
Ms. Ng Wai Kam

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183 Queen's Road East
Wan Chai
Hong Kong

AUDITOR

Ernst & Young

LEGAL ADVISER

Wilson Sonsini Goodrich & Rosati

PRINCIPAL BANKERS

Bank of Communications, Beijing Fuwai Subbranch
Bank of China (Hong Kong) Limited

COMPANY'S WEBSITE

www.universalmsm.com

STOCK CODE

2666

DEFINITION

"Ansteel General Hospital"	Ansteel Group General Hospital (鞍鋼集團公司總醫院), a leading Grade III Class A general hospital in Anshan City, Liaoning Province, the PRC
"Articles"	the Company's articles of association
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"CG Code"	the "Corporate Governance Code" contained in Appendix 14 to the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong, which has become effective from 3 March 2014), as amended, supplemented or otherwise modified from time to time
"Company" or "Universal Medical"	Genertec Universal Medical Group Company Limited (通用環球醫療集團有限公司) (formerly known as Universal Medical Financial & Technical Advisory Services Company Limited (環球醫療金融與技術咨詢服務有限公司), Universal Medical Services & Health Management Company Limited (環球醫療服務有限公司) and Universal International Leasing Co., Limited (環球國際租賃有限公司)), a company incorporated with limited liability under the laws of Hong Kong on 19 April 2012
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"CR State Asset"	China Railway State Asset Management Co., Ltd. (中鐵國資資產管理有限公司)
"CVA"	cerebral vascular accident
"Director(s)"	the director(s) of the Company
"Evergreen"	Evergreen021 Co., Ltd, a company incorporated with limited liability under the laws of the British Virgin Islands on 14 August 2014

"Group", "we" or "us"	the Company and its subsidiaries
"GT-HK"	Genertec Hong Kong International Capital Limited (通用技術集團香港國際資本有限公司), a company incorporated with limited liability under the laws of Hong Kong on 24 March 1994, an indirect wholly-owned subsidiary of GT-PRC, and one of the controlling shareholders of the Company.
"GT-PRC"	China General Technology (Group) Holding Company Limited (中國通用技術(集團)控股有限責任公司), a state-owned enterprise under the direct administration of the PRC central government, and one of the controlling shareholders of the Company.
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hospital Investment Co., Ltd."	Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. (通用環球醫院投資管理(天津)有限公司), previously known as Wiseman Hospital Investment Management (Tianjin) Co., Ltd. (融慧濟民醫院投資管理(天津)有限公司), a wholly-owned subsidiary of the Company established in the PRC in 2015
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Minmetals Investors"	Minmetals Assets Management Company Limited, China MCC 5 Group Co., Ltd. (中國五冶集團有限公司), China MCC 19 Group Co., Ltd. (中國十九冶集團有限公司), China MCC 17 Group Co., Ltd. (中國十七冶集團有限公司) and Minmetals (Handan) Real Estate Management Company Limited (五礦(邯鄲)房產管理有限公司)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board

"PRC" or "China"	The People's Republic of China, for the purpose of this report, excluding Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus issued by the Company on 24 June 2015
"Remuneration Committee"	the remuneration committee of the Board
"Risk Control Committee"	the risk control committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Securities Dealing Code"	the Company's own code of conduct regarding directors' and employees' dealings in the Company's securities
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company
"Share Option Scheme"	the share option scheme adopted by the Company on 31 December 2019
"SOE"	State-owned enterprise
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"USD"	United States dollars, the lawful currency of the United States
"XD Hospital"	Xi'an XD Group Hospital (西電集團醫院), a leading Grade III Class A general hospital in Xi'an City, Shaanxi Province, the PRC

COMPANY PROFILE

Genertec Universal Medical Group Company Limited (通用環球醫療集團有限公司) has been listed on the Main Board of the Stock Exchange since 2015. Universal Medical is a major subsidiary of China General Technology (Group) Holding Company Limited (中國通用技術(集團)控股有限責任公司), an important and backbone state-owned enterprise under direct administration of the PRC central government, in healthcare industry.

With the operation center located in Beijing, we have 48 medical institutions distributed in 11 provinces and municipalities including Shaanxi, Shanxi, Anhui, Hebei, Sichuan and Liaoning, with actual capacity of over 15,000 beds in total. Leveraging core competencies in modern managerial idea, professional talent team, quality medical resources, solid financial strength as well as inclusive and enterprising corporate culture, we strive to build a state-owned hospital conglomerate that promotes and complements medical institutions operated by governments, and facilitate the construction of a multi-level medical system to promote the development of the medical and healthcare undertakings in China in the long run.

Adhering to the mission of "Safeguarding Health and Wellness through Quality Healthcare", Universal Medical will firmly grasp the good development opportunities of China's medical and healthcare industry, consolidate high-quality resources to build a shared and win-win healthcare industrial ecosystem focusing on medical services and supported by financial services, and strive to build up a trustworthy healthcare conglomerate so as to make contribution to the "Healthy China" plan.

PERFORMANCE OVERVIEW

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating Results		
Income*1	**4,024,155**	3,195,355
Finance and advisory business income*2	**2,480,455**	2,471,613
Hospital group business income*2	**1,543,700**	723,742
Cost of sales	**(2,310,364)**	(1,550,366)
Cost of finance and advisory business*2	**(958,975)**	(923,353)
Cost of hospital group business*2	**(1,398,174)**	(635,638)
Profit before tax	**1,128,193**	1,194,015
Profit for the period	**860,978**	872,525
Profit for the period attributable to owners of the parent	**793,402**	811,985
Basic and diluted earnings per share *(RMB)*	**0.46**	0.47
Profitability Indicators		
Return on total assets(1)	**2.94%**	3.33%
Return on equity(2)	**16.41%**	18.89%
Net interest margin(3)	**4.13%**	4.03%
Net interest spread(4)	**3.55%**	3.41%

*1 After taxes and surcharges

*2 Before inter-segment offset

(1) Return on total assets = profit for the period/average balance of assets at the beginning and end of the period, presented on an annualised basis;

(2) Return on equity = profit for the period attributable to owners of the parent/average balance of equity attributable to owners of the parent at the beginning and end of the period, presented on an annualised basis;

(3) Net interest margin is calculated by dividing net interest income by average balance of interest-earning assets, presented on an annualised basis;

(4) Net interest spread is the difference between average yield of interest-earning assets and average cost rate of interest-bearing liabilities. Average balance of interest-earning assets is calculated based on the average balance of net interest-earning assets before provision as at each month end within the reporting period; average balance of interest-bearing liabilities is calculated based on the average balance of bank and other borrowings and lease deposits as at each month end within the reporting period.

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Assets and Liabilities		
Total assets	**59,199,177**	57,852,542
Net interest-earning assets	**50,869,575**	49,785,639
Total liabilities	**45,203,134**	44,405,334
Interest-bearing bank and other borrowings	**39,032,040**	38,002,843
Total equity	**13,996,043**	13,447,208
Profit for the period attributable to owners of the parent	**9,851,025**	9,489,304
Net assets per share *(RMB)*	**5.74**	5.53
Financial Indicators		
Debt ratio(1)	**76.36%**	76.76%
Gearing ratio(2)	**2.79**	2.83
Current ratio(3)	**1.26**	1.10
Asset Quality		
Non-performing assets ratio(4)	**0.98%**	0.90%
Provision coverage ratio(5)	**199.68%**	198.46%
Write-off of non-performing assets ratio(6)	**0.00%**	0.00%
Ratio of overdue interest-earning assets (over 30 days)(7)	**0.92%**	0.84%

(1) Debt ratio = total liabilities/total assets;

(2) Gearing ratio = interest-bearing bank and other borrowings/total equity;

(3) Current ratio = current assets/current liabilities;

(4) Non-performing assets ratio = balance of non-performing assets/net interest-earning assets;

(5) Provision coverage ratio = provision for impairment of assets/balance of non-performing assets;

(6) Write-off of non-performing assets ratio = assets written-off/non-performing assets at the end of the previous year;

(7) Ratio of overdue interest-earning assets (over 30 days) is calculated based on net interest-earning assets which are more than 30 days overdue divided by net interest-earning assets.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW AND PROSPECTS

At the beginning of 2020, the outbreak of the COVID-19 epidemic brought major uncertainties to the economic environment both at home and abroad. China still suffers the aftermath of the economic shutdown in the first quarter, and the negative impact of the continuous spread of the epidemic overseas on the world economy has worsened the international economic situation for China. In the first half of 2020, the Group, together with its member medical institutions, resolutely implemented the national epidemic control arrangements, and was actively engaged in epidemic prevention and control. In the second quarter, we orderly promoted the resumption of work and production, while adapting to the new normal of ongoing epidemic control. At the same time, under the integrated development strategy for medical and health industry, we kept building a health industry ecosystem which is centered on medical service, and supported by financial service to achieve win-win results shared by all. In the first half of 2020, the operating results of the Group were generally stable. The Group recorded revenue of RMB4,024.2 million, representing an increase of 25.9% as compared to the corresponding period of the previous year, as a result of more medical institutions being consolidated into the Group's financial statements in the second half of 2019 and the first half of 2020; recorded profit for the period of RMB861.0 million, representing a slight decrease of 1.3% as compared to the corresponding period of the previous year due to the impact of the epidemic; recorded profit for the period attributable to owners of the parent of RMB793.4 million, representing a slight decrease of 2.3% as compared to the corresponding period of the previous year; and recorded total assets of RMB59,199.2 million as of 30 June 2020, representing an increase of 2.3% as compared to the end of 2019, with asset quality generally safe and controllable.

1.1 Hospital Group Business

Hospital group is the most essential resources of building a medical and health conglomerate. In the first half of 2020, the Group continued to actively participate in the integration and takeover of medical institutions of SOEs, and build up a tightly-knit medical networks surrounding key regions and cities across China. As of 30 June 2020, the Group had entered into contracts in relation to takeover of 48 medical institutions (including 5 Grade III Class A hospitals and 24 Grade II hospitals) with actual capacity of over 15,000 beds. Meanwhile, the Group continued to improve the post-investment management of our medical institutions, and comprehensively improved the medical technology, management efficiency and service capabilities of our medical institutions by focusing on discipline construction, operation management, organization management innovation, service system construction, hospital digitalization, supply chain management, hospital renovation and expansion, so as to ensure their sound and orderly development.

In the first half of 2020, the Group newly consolidated the accounts of 5 medical institutions, namely Chengdu CEC Jinjiang Technology Industry Company Hospital (成都中電錦江醫院) (community hospital), Genertec Universal NORINCO Xi'an Hospital (通用環球兵工西安醫院) (Grade I general hospital), Genertec Universal CREC Wuhu Hospital (通用環球中鐵蕪湖醫院) (Grade II general hospital), Genertec Universal CREC Shanhaiguan Bridge Hospital (通用環球中鐵山橋醫院) (Grade II general hospital) and Genertec Universal CREC Hangzhou Hospital (通用環球中鐵杭州醫院) (Grade I general hospital), with an actual capacity of 981 beds in total. As of 30 June 2020, the Group had consolidated the accounts of 29 medical institutions (including 3 Grade III Class A hospitals and 14 Grade II hospitals), with an actual capacity of 8,405 beds in total (excluding Qianshan Hot Spring Sanatorium (千山溫泉療養院)).

Affected by the epidemic control in the first half of 2020, most of the medical service business of the Group's medical institutions was suspended, with the number of outpatient visits decreasing by approximately 15% as compared to the corresponding period of the previous year, the number of inpatient visits decreasing by approximately 18% as compared to the corresponding period of the previous year, and the number of medical examination services decreasing by approximately 25% as compared to the corresponding period of the previous year, resulting in varying degrees of decline in the income of medical institutions of the Group and their profit contribution to the Group. In the first half of 2020, as for the medical institutions consolidated into the Group, the number of outpatient visits and inpatient visits amounted to 1,596,800 and 86,500, respectively, and the hospital operation recorded revenue of RMB1,462.3 million in total. The Group believes that the impact of the epidemic on the business of member medical institutions is temporary. With the epidemic under control in the second quarter, the number of patient visits of the medical institutions of the Group has rebounded significantly. Since May 2020, the overall monthly income has basically recovered to the same level for the corresponding period of the previous year, and the monthly income of most medical institutions in June 2020 has exceeded the level of the corresponding period of the previous year.

The Geographical Distribution of the Medical Institutions Consolidated into the Group as of 30 June 2020

Province	Grade III hospitals	Grade II hospitals	Others (note)	Total
Shaanxi	1	6	3	10
Shanxi	1	2	4	7
Anhui	0	2	2	4
Shandong	0	1	0	1
Hebei	0	2	0	2
Liaoning	1	1	1	3
Zhejiang	0	0	1	1
Sichuan	0	0	1	1
Total	3	14	12	29

Note: Including Grade I hospitals, community service centers and other non-rated medical institutions.

General Operating Data of the Consolidated Medical Institutions in the First Half of 2020

		Visits in the first half of 2020			Medical business income in the first half of 2020 (RMB ten thousand)				The first half of 2020		
Category	Capacity	Outpatient	Inpatient	Visits for medical examination	Outpatient income	Inpatient income	Medical examination income	Total	Income per bed* (RMB ten thousand)	Outpatient fee per visit (RMB)	Inpatient fee per visit (RMB)
Grade III	3,408	713,794	41,440	39,844	24,987	55,027	1,155	81,169	47.6	350	13,279
Grade II and others *(note)*	4,997	882,999	45,041	152,191	27,229	34,108	2,252	65,060	26.0	308	7,573
Total	8,405	1,596,793	86,481	192,035	52,217	89,135	3,407	146,229	34.8	327	10,307

Note: Others include Grade I hospitals, community service centers and other non-rated medical institutions. The operating data does not include that of Qianshan Hot Spring Sanatorium.

* On an annualized basis

1.2 Finance and Advisory Business

The Group's finance business, which is the cornerstone underpinning the Group's steady development, mainly provides finance lease services for county level public hospitals, and provides financial support for the Company to build a hospital group and health industry ecosystem. The Group's advisory business mainly includes industry, equipment and financing advisory services, and clinical department upgrade services for the prevention, treatment and rehabilitation of CVA and other major diseases with high prevalence. The Group relied on its expanding medical resource platform to improve partner hospitals' medical technology service capabilities and management efficiency in accordance with specific stages of hospital operation and clinical department development's characteristics.

In the first half of the year, affected by the epidemic control policies, the development of the Group's finance and advisory business and collection of receivables from hospital customers relatively slowed down. Meanwhile, due to the continued and steady downward adjustment of the national monetary policies after the Loan Prime Rate (LPR) reform, the interest rate of the Group's new leasing business decreased accordingly. Therefore, the average yield dropped as compared to the corresponding period of the previous year, and the operating performance of the finance and advisory business experienced short-term fluctuations. During the reporting period, the finance and advisory business of the Group recorded revenue of RMB2,480.5 million, increased by 0.4% as compared to the corresponding period of the previous year; recorded gross profit of RMB1,521.5 million, decreased by 1.7% as compared to the corresponding period of the previous year. Finance lease business recorded revenue of RMB2,049.7 million, increased by 8.3% as compared to the corresponding period of the previous year; recorded gross profit of RMB1,090.7 million, increased by 10.9% as compared to the corresponding period of the previous year; the net interest spread was 3.55% and the net interest margin was 4.13%, still a high ranking among domestic competitors. As at 30 June 2020, the Group's leased assets reached RMB50,869.6 million, representing an increase of 2.2% as compared with the beginning of the year; non-performing assets ratio was 0.98% and the overdue ratio (30 days) was 0.92%. The Group strictly controlled the operating risks, and continuously enhanced internal management. Although the non-performing assets ratio and the overdue ratio (30 days) slightly increased due to the epidemic, the overall asset quality was safe and controllable and continued to maintain its leading position in the industry.

1.3 Layout of Health Industry Chain

In the first half of 2020, the Group continued to promote model exploration, pilot projects and layout in various fields of the health industry chain based on our hospital group, and focused on the Internet medical business. As of 30 June 2020, 4 member medical institutions of the Group, namely XD Hospital (西電醫院), Genertec Universal Xi'an Aero-Engine Hospital (通用環球西安西航醫院), Xianyang Caihong Hospital (咸陽彩虹醫院) and Yantai Port Hospital (煙台海港醫院), were approved for conducting Internet hospital business. A total of 13 member medical institutions went online based on the Internet platform, with the offline to online conversion rate reaching 5.1% within 4 months, over 30% of online patients showing needs for offline medical services and the patient satisfaction rate reaching 99%.

In addition, based on full evaluation of our existing advantages, market prospects and our talent strategies, the Group actively developed businesses of equipment sales and maintenance, and third-party inspection center through various cooperation modes, such as acquisition of majority interest, investment in minority interest and strategic alliance, to build a health industry ecosystem and realize win-win results enjoyed by all.

1.4 Prospect for the Second Half of the Year and the Future

In the second half of 2020, under the new norm of epidemic control, the Group will vigorously advance the finance and advisory business, enhance risk management and overdue assets collection, and reasonably control financing costs, as a way to minimize the impact of the epidemic as much as possible. Besides, the Group will continuously promote the layout of hospital group business, accelerate the implementation of proposed quality cooperation projects, and steadily integrate the management and improve the efficiency of the partner medical institutions to strive for a stable and healthy development of the operation and management of the Group as a whole. In addition, the Group will closely follow the market trends, and seek opportunities in fields such as specialized medical services, medical and elderly care integration, and medical industry investment. In the future, the Group will continue to uphold the philosophy of whole industry chain and whole life cycle, which is centered on medical services and supported by financial services, to build a shared and win-win health industry ecosystem, strive for a trustworthy medical and health group, and contribute to the construction of "Healthy China".

2. ANALYSIS OF STATEMENT OF PROFIT OR LOSS

2.1 Overview

In the first half of 2020, the Group recorded revenue of RMB4,024.2 million, representing an increase of 25.9% as compared to the corresponding period of the previous year. Profit before tax was recorded RMB1,128.2 million, representing a decrease of 5.5% as compared to the corresponding period of the previous year. Profit for the period attributable to owners of the parent was RMB793.4 million, representing a decrease of 2.3% as compared to the corresponding period of the previous year. In the first half of 2020, being a special period during which the COVID-19 epidemic broke out and spread, was gradually controlled and finally contained on a regular and long-term basis, the Group focused on production and operation without compromising epidemic prevention and control, so as to strive to minimize the impact of the epidemic on business advancement.

The following table sets forth the Group's statement of profit or loss for the six months ended 30 June 2020:

	For the six months ended 30 June		
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	Change %
Revenue	**4,024,155**	3,195,355	25.9%
Cost of sales	**(2,310,364)**	(1,550,366)	49.0%
Gross profit	**1,713,791**	1,644,989	4.2%
Other income and gains	**42,250**	28,138	50.2%
Selling and distribution costs	**(180,529)**	(172,465)	4.7%
Administrative expenses	**(256,464)**	(182,566)	40.5%
Impairment of financial assets	**(118,925)**	(91,559)	29.9%
Financial costs	**(13,991)**	(1,035)	1,251.8%
Other expenses	**(62,606)**	(31,487)	98.8%
Share of profit/(loss) of:			
An associate	**(178)**	–	-100.0%
A joint venture	**4,845**	–	100.0%
Profit before tax	**1,128,193**	1,194,015	-5.5%
Income tax expense	**(267,215)**	(321,490)	-16.9%
Profit for the period	**860,978**	872,525	-1.3%
Profit for the period attributable to owners of the parent	**793,402**	811,985	-2.3%
Basic and diluted earnings per share *(RMB)*	**0.46**	0.47	-2.3%

2.2 Analysis of Business Revenue

In the first half of 2020, the Group recorded revenue of RMB4,024.2 million, of which finance and advisory business recorded revenue of RMB2,480.5 million, accounting for 61.6%; hospital group business recorded revenue of RMB1,543.7 million, accounting for 38.4%. The Group recorded gross profit from operations of RMB1,713.8 million, of which finance and advisory business recorded gross profit from operations of RMB1,521.5 million, accounting for 88.8%, while hospital group business recorded gross profit from operations of RMB145.5 million, accounting for 8.5%.

The following table sets forth the Group's revenue from the two major business segments:

	For the six months ended 30 June				
	2020		2019		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Unaudited)	% of total	Change %
Finance and advisory business	**2,480,455**	**61.6%**	2,471,613	77.4%	0.4%
Hospital group business	**1,543,700**	**38.4%**	723,742	22.6%	113.3%
Offset	**–**	**–**	–	–	–
Total	**4,024,155**	**100.0%**	3,195,355	100.0%	25.9%

The following table sets forth the Group's gross profit from the two major business segments:

	For the six months ended 30 June				
	2020		2019		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Unaudited)	% of total	Change %
Finance and advisory business	**1,521,480**	**88.8%**	1,548,260	94.1%	-1.7%
Hospital group business	**145,526**	**8.5%**	88,104	5.4%	65.2%
Offset	**46,785**	**2.7%**	8,625	0.5%	442.4%
Total	**1,713,791**	**100.0%**	1,644,989	100.0%	4.2%

2.2.1 Finance and advisory business

In the first half of 2020, the development of the Group's finance and advisory business relatively slowed down due to the COVID-19 epidemic, and recorded revenue of RMB2,480.5 million, representing an increase of RMB8.8 million or 0.4% as compared to the corresponding period of the previous year; recorded gross profit of RMB1,521.5 million, representing a decrease of RMB26.8 million or 1.7% as compared to the corresponding period of the previous year.

The following table sets forth the Group's income from finance and advisory business:

	For the six months ended 30 June				
	2020		2019		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Unaudited)	% of total	Change %
Finance and advisory business income	**2,480,455**		2,471,613		0.4%
Including:					
Finance lease	**2,049,671**	**82.6%**	1,892,573	76.6%	8.3%
Advisory service	**430,256**	**17.3%**	556,816	22.5%	-22.7%

The following table sets forth the gross profit of the Group's finance and advisory business:

	For the six months ended 30 June				
	2020		2019		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Unaudited)	% of total	Change %
Gross profit from finance and advisory business	**1,521,480**		1,548,260		-1.7%
Including:					
Finance lease	**1,090,695**	**71.7%**	983,572	63.5%	10.9%
Advisory service	**430,256**	**28.3%**	556,816	36.0%	-22.7%

2.2.1.1 Finance lease business

The Group's revenue from finance lease business is interest income. In the first half of 2020, the Group recorded interest income of RMB2,049.7 million, representing an increase of RMB157.1 million or 8.3% as compared to the corresponding period of the previous year. In the first half of 2020, the Group paid close attention to the development of the COVID-19 epidemic, and under the condition of ensuring the safety of personnel, properly arranged business travels. The Group continued to work meticulously in key niche market, accurately responded to customer needs, and improved business development efficiency. At the same time, the Group explored leasing business in new sectors as a way to fully make up for the impact of the epidemic on business development.

The following table sets forth the Group's finance lease income by industry:

	For the six months ended 30 June				
	2020		2019		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Unaudited)	% of total	Change %
Healthcare	**1,397,869**	**68.2%**	1,459,747	77.1%	-4.2%
Other	**651,802**	**31.8%**	432,826	22.9%	50.6%
Total	**2,049,671**	**100.0%**	1,892,573	100.0%	8.3%

In the first half 2020, the gross profit of interest margin was RMB1,090.7 million, representing an increase of RMB107.1 million, or 10.9%, as compared to the corresponding period of the previous year. The increase of the gross profit of interest margin was due to the increase in the size of interest-earning assets and the rise of net interest spread of finance lease business.

The following table sets forth the indicators of income from finance lease business:

	30 June 2020			30 June 2019		
	Average balance RMB'000 (Unaudited)	**Interest income[1]/ expense[2] RMB'000 (Unaudited)**	**Average yield[3]/cost rate[4]**	Average balance RMB'000 (Unaudited)	Interest income[1]/ expense[2] RMB'000 (Unaudited)	Average yield[3]/cost rate[4]
Interest-earning assets	**51,081,039**	**2,058,489**	**8.10%**	47,026,834	1,899,124	8.14%
Interest-bearing liabilities	**44,555,237**	**1,008,759**	**4.55%**	40,883,785	958,323	4.73%
Net interest margin[5]			**4.13%**			4.03%
Net interest spread[6]			**3.55%**			3.41%

(1) Interest income represents the interest income from finance lease business;

(2) Interest expense represents financial cost of capital for finance lease business;

(3) Average yield = interest income/average balance of interest-earning assets, presented on an annualised basis;

(4) Average cost rate = interest expense/average balance of interest-bearing liabilities, presented on an annualised basis, taking into account the effect of perpetual bond;

(5) Net interest margin is calculated by dividing net interest income by average balance of interest-earning assets, presented on an annualised basis;

(6) Net interest spread is the difference between average yield of interest-earning assets and average cost rate of interest-bearing liabilities.

In the first half of 2020, the Group's net interest spread of finance lease was 3.55%, representing an increase of 0.14 percentage point from 3.41% in the corresponding period of the previous year, remaining at a good level in the industry.

Average yield of interest-earning assets: in the first half of 2020, the Group's average yield of interest-earning assets was 8.10%, representing a decrease of 0.04 percentage point from 8.14% in the corresponding period of the previous year. In the first half of 2020, under the influence of the COVID-19 epidemic, the Group adjusted its market development strategy in accordance with changes in the market. The yield of new interest-earning assets decreased as compared to the corresponding period of the previous year, making the average yield of interest-earning assets in the first half of 2020 slightly lower than that of the corresponding period of the previous year, but still remained stable.

Average cost rate of interest-bearing liabilities: in the first half of 2020, the average cost rate of interest-bearing liabilities of the Group was 4.55%, representing a decrease of 0.18 percentage point from 4.73% in the corresponding period of the previous year. Affected by the COVID-19 epidemic, China implemented a relatively easy monetary policy in the first half of 2020. The newly added financing costs of the Group dropped significantly, which drove the Group's average cost rate of interest-bearing liabilities in the first half of 2020 to decrease as compared to that of the corresponding period of the previous year. The Group will continue to deepen cooperation with financial institutions, actively expand financing channels, enrich financing instruments, optimize liability structure, and reasonably and effectively control financing costs on the premise of ensuring sufficient capital liquidity.

2.2.1.2 *Advisory services business*

The Group's advisory services business includes industry, equipment and financing advisory services as well as clinical department upgrade services. Leveraging on our expanding healthcare resources platform, and in accordance with the characteristics of hospital operation at all stages, we provided customers with valuable, flexible and diversified comprehensive services comprising financial services, equipment replacement, technology and management advice, clinical department upgrade so as to improve the technical service capabilities and management efficiency of cooperative hospitals. In the first half of 2020, due to the COVID-19 epidemic, the gross profit from advisory services was RMB430.3 million, representing a decrease of RMB126.6 million or 22.7% as compared to the corresponding period of the previous year.

2.2.2 Hospital group business

The Group's hospital group business includes integrated healthcare services and supply chain business, etc. In the first half of 2020, the hospital group business recorded income of RMB1,543.7 million, representing an increase of RMB820.0 million or 113.3% as compared to the corresponding period of the previous year, and recorded gross profit of RMB145.5 million, representing an increase of RMB57.4 million or 65.2% as compared to the corresponding period of the previous year.

The following table sets forth the Group's income from hospital group business:

	For the six months ended 30 June				
	2020		2019		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Unaudited)	% of total	Change %
Hospital group business					
Income from integrated healthcare services	**1,468,956**	**95.2%**	665,417	91.9%	120.8%
Income from supply chain business, etc.	**221,785**	**14.4%**	86,529	12.0%	156.3%
Offset	**(147,041)**	**-9.6%**	(28,204)	−3.9%	421.4%
Total	**1,543,700**	**100.0%**	723,742	100.0%	113.3%

The following table sets forth the Group's gross profit from hospital group business:

	For the six months ended 30 June				
	2020		2019		
	RMB'000 (Unaudited)	% of total	RMB'000 (Unaudited)	% of total	Change %
Hospital group business					
Gross profit from integrated healthcare services	**117,963**	**81.1%**	80,364	91.2%	46.8%
Gross profit from supply chain business, etc.	**27,642**	**19.0%**	7,740	8.8%	257.1%
Offset	**(79)**	**-0.1%**	–	0.0%	-100.0%
Total	**145,526**	**100.0%**	88,104	100.0%	65.2%

In the first half of 2020, the Group continued the work on integration and takeover of medical institutions of SOEs. As of 30 June 2020, Group had consolidated 29 medical institutions, representing an increase of 13 medical institutions as compared to the corresponding period of the previous year. The increase in the number of medical institutions was the main reason for the increase in income and gross profit of the hospital group business. Affected by the COVID-19 epidemic, the income and gross profit of the hospitals under the Group declined to varying degrees in the first half of the year. With the gradual control of the epidemic in the second quarter, the number of the patients of the Group's medical institutions has seen a significant rebound. Since May 2020, the overall monthly income has basically returned to the level of the corresponding period of the previous year. In June 2020, the monthly income of most medical institutions exceeded the level of the corresponding period of the previous year.

2.2.2.1 Integrated healthcare services

The Group's integrated healthcare services come from the integrated healthcare services provided by consolidated medical institutions. Revenue from integrated healthcare services is mainly consisted of revenue generated from the healthcare service, examination, medicine and hygiene materials, physical examination and other services provided to outpatients, emergency patients and inpatients. Costs of integrated healthcare services include costs of medicine and hygiene materials, labor costs as well as depreciation and amortization expenses. In the first half of 2020, the Group achieved comprehensive medical service income of RMB1,469.0 million, representing an increase of RMB803.5 million or 120.8% as compared to the corresponding period of the previous year; recorded gross profit of RMB118.0 million, representing an increase of RMB37.6 million or 46.8% as compared to the corresponding period of the previous year.

2.2.2.2 Supply chain business, etc.

The hospital supply chain business, etc. mainly provides supply chain distribution services for hospitals inside and outside the Group, as well as a small amount of medical device sales and other businesses. In the first half of 2020, the Group achieved income from supply chain business, etc. of RMB221.8 million, representing an increase of RMB135.3 million or 156.3% as compared to the corresponding period of the previous year; recorded gross profit of RMB27.6 million, representing an increase of RMB19.9 million or 257.1% as compared to the corresponding period of the previous year.

2.2.3 Operating cost

In the first half of 2020, the Group's sales and distribution costs amounted to RMB180.5 million, representing an increase of RMB8.1 million, or 4.7%, as compared to the corresponding period of the previous year.

Administrative expenses amounted to RMB256.5 million, representing an increase of RMB73.9 million, or 40.5%, as compared to the corresponding period of the previous year, which was mainly due to the increase of administrative expenses incurred by consolidated medical institutions. Administrative expenses from finance and advisory business amounted to RMB133.2 million, accounting for 51.9% of the total administrative expenses, representing an increase of RMB14.8 million, or 12.4%, as compared to the corresponding period of the previous year. The increase in finance and advisory business was mainly due to the increase of labor costs. We constantly attracted more professional senior management talents in order to implement the Group's strategy in the first half of 2020. Administrative expenses from hospital group business amounted to RMB123.2 million, accounting for 48.1% of the total administrative expenses, representing an increase of RMB59.2 million, or 92.3%, as compared to the corresponding period of the previous year, mainly due to the increase in the consolidated medical institutions.

2.2.4 *Profit before tax*

In the first half of 2020, the Group recorded profit before tax of RMB1,128.2 million, representing a decrease of RMB65.8 million or 5.5%, as compared to the corresponding period of the previous year.

2.2.5 *Profit for the period attributable to owners of the parent*

In the first half of 2020, the Group recorded profit for the period attributable to owners of the parent of RMB793.4 million, representing a decrease of RMB18.6 million or 2.3%, as compared to the corresponding period of the previous year.

2.2.6 *Revenue from hospital group operation*

As of 30 June 2020, the Group had completed the acquisition of 29 medical institutions, compared with 16 medical institutions in the corresponding period of the previous year. The following sets forth the operating income of the hospital group during the consolidation period (excluding that of the hospital investment platform).

In the first half of 2020, the hospital group recorded revenue of RMB1,544.5 million during the consolidation period, representing an increase of RMB820.7 million, or 113.4%, as compared to the corresponding period of the previous year; recorded profit for the period of RMB34.5 million, representing an increase of RMB12.5 million, or 56.4%, as compared to the corresponding period of the previous year. Affected by the COVID-19 epidemic, the gross profit margin from operations was 9.5%, representing a decrease of 2.7 percentage points from 12.2% in the corresponding period of the previous year; the net profit margin was 2.2%, representing a decrease of 0.9 percentage point from 3.1% in the corresponding period of the previous year.

The following table sets forth the profit or loss of the hospital group during the consolidation period (excluding that of the hospital investment platform):

	For the six months ended 30 June		
	2020 **RMB'000** **(Unaudited)**	2019 RMB'000 (Unaudited)	Change %
Revenue	**1,544,484**	723,742	113.4%
Costs	**(1,398,173)**	(635,638)	120.0%
Gross profit	**146,311**	88,104	66.1%
Other income and gains	**43,560**	12,437	250.2%
Selling and distribution costs	**(9,912)**	(3,918)	153.0%
Administrative expenses	**(122,801)**	(64,059)	91.7%
Impairment on financial assets	**(13,292)**	(7,645)	73.9%
Financial costs	**(3,727)**	(675)	452.1%
Share of profit/(loss) of an associate	**(178)**	–	-100.0%
Other expenses	**(3,062)**	(146)	1,997.3%
Profit before tax	**36,899**	24,098	53.1%
Income tax expense	**(2,372)**	(2,021)	17.3%
Profit for the period	**34,527**	22,077	56.4%

3. FINANCIAL POSITION ANALYSIS

3.1 Overview of Assets

As at 30 June 2020, the Group's total assets was RMB59,199.2 million, representing an increase of RMB1,346.6 million or 2.3% as compared to the end of the previous year. In particular, our restricted deposits was RMB1,006.9 million, representing an increase of RMB465.9 million or 86.1% as compared to the end of the previous year, accounting for 1.7% of the total assets; our cash and cash equivalents was RMB2,833.4 million, representing a decrease of RMB552.4 million or 16.3% as compared to the end of the previous year, accounting for 4.8% of the total assets; our loans and accounts receivables was RMB50,551.9 million, representing an increase of RMB1,020.2 million or 2.1% as compared to the end of the previous year, accounting for 85.4% of the total assets.

The following table sets forth the assets analysis of the Group for the dates indicated:

	30 June 2020		31 December 2019		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change %
Restricted deposits	**1,006,909**	**1.7%**	541,009	0.9%	86.1%
Cash and cash equivalents	**2,833,422**	**4.8%**	3,385,867	5.8%	-16.3%
Inventories	**191,059**	**0.3%**	156,726	0.3%	21.9%
Loans and accounts receivables	**50,551,943**	**85.4%**	49,531,738	85.6%	2.1%
Prepayments, deposits and other receivables	**372,695**	**0.6%**	332,383	0.6%	12.1%
Property, plant and equipment	**2,178,263**	**3.7%**	2,122,560	3.7%	2.6%
Investment in a joint venture	**449,652**	**0.8%**	444,807	0.8%	1.1%
Investment in an associate	**3,775**	**0.0%**	4,198	0.0%	-10.1%
Deferred tax assets	**364,287**	**0.6%**	308,585	0.5%	18.1%
Derivative financial assets	**399,451**	**0.7%**	220,265	0.4%	81.4%
Right-of-use asset	**721,651**	**1.2%**	689,937	1.2%	4.6%
Goodwill	**69,908**	**0.1%**	69,908	0.1%	0.0%
Other assets	**56,162**	**0.1%**	44,559	0.1%	26.0%
Total	**59,199,177**	**100.0%**	57,852,542	100.0%	2.3%

The following table sets forth the assets of the Group by business segment for the dates indicated:

	30 June 2020		31 December 2019		
	RMB'000	**% of total**	RMB'000	% of total	Change %
Finance and advisory business	**53,771,095**	**90.8%**	52,014,941	89.9%	3.4%
Hospital group business	**8,123,918**	**13.7%**	6,957,350	12.0%	16.8%
Inter-segment offset	**(2,695,836)**	**-4.5%**	(1,119,749)	–1.9%	140.8%
Total	**59,199,177**	**100.0%**	57,852,542	100.0%	2.3%

3.1.1 Restricted deposits

As at 30 June 2020, the Group had restricted deposits of RMB1,006.9 million, representing an increase of RMB465.9 million or 86.1% as compared to the end of the previous year, and accounting for 1.7% of total assets. Restricted deposits mainly comprised pledged project refunds from factoring business, time deposits and financing deposits. The increase in this year was mainly due to the increase in financing deposits.

3.1.2 Cash and cash equivalents

As at 30 June 2020, the Group had cash and cash equivalents of RMB2,833.4 million, representing a decrease of RMB552.4 million or 16.3% as compared to the end of the previous year, accounting for 4.8% of the total assets. The balance of cash and cash equivalents will be gradually applied in accordance with the Group's business plan.

3.1.3 Loans and accounts receivables

As at 30 June 2020, the balance of the Group's loans and accounts receivables was RMB50,551.9 million, representing an increase of RMB1,020.2 million or 2.1% as compared to the end of the previous year. The net interest-earning assets was RMB49,878.6 million, accounting for 98.7% of the loans and accounts receivables; and net accounts receivables was RMB672.9 million, accounting for 1.3% of the loans and accounts receivables.

3.1.3.1 Interest-earning assets

In the first half of 2020, given the continuing downward trend in China's macro-economic environment as affected by the COVID-19 epidemic, the Group strengthened its risk management and control in a prudent manner, and expanded the lease business with cautious while ensuring asset security. As at 30 June 2020, the Group's net interest-earning assets was RMB49,878.6 million, representing an increase of RMB978.3 million or 2.0% as compared to the end of the previous year.

Net interest-earning assets by industry

In the first half of 2020, the Group continued to lay emphasis on adjustment to interest-earning assets structure and risk prevention and control, and on the basis of effective control of risks, actively explored finance lease business in new sectors.

The following table sets forth the net interest-earning assets by industry:

	30 June 2020		31 December 2019		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change %
Healthcare	**32,974,122**	**64.8%**	34,629,870	69.6%	-4.8%
Others	**17,895,453**	**35.2%**	15,155,769	30.4%	18.1%
Net interest-earning assets	**50,869,575**	**100.0%**	49,785,639	100.0%	2.2%
Less: Provision for asset impairment	**(991,008)**		(885,375)		11.9%
Net value of interest-earning assets	**49,878,567**		48,900,264		2.0%

The maturity profile of the net interest-earning assets

The Group formulated reasonable business investment strategies according to the strategic plan so as to ensure sustainable and steady cash inflow. As at 30 June 2020, the distribution of maturity of the Group's net interest-earning assets was relatively balanced.

The following table sets forth the maturity profile of the net interest-earning assets:

	30 June 2020		31 December 2019		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
Within 1 year	**18,273,208**	**35.9%**	15,878,622	31.9%	15.1%
1-2 years	**13,557,597**	**26.6%**	13,096,221	26.3%	3.5%
2-3 years	**10,102,245**	**19.9%**	10,364,095	20.8%	-2.5%
Over 3 years	**8,936,525**	**17.6%**	10,446,701	21.0%	-14.5%
Net interest-earning assets	**50,869,575**	**100.0%**	49,785,639	100.0%	2.2%

Quality of interest-earning assets

The Group has been implementing robust asset management policies and continuously adopting stringent and prudent asset classification policies. As at 30 June 2020, the Group had non-performing assets of RMB496.3 million, representing an increase of RMB50.2 million as compared to 31 December 2019. The Group continuously improved its risk management system, adopted effective risk prevention measures and increased the effort in the collection of non-performing assets. As at 30 June 2020, the Group's non-performing assets ratio was 0.98%.

The following table sets forth the classification of five categories of the net interest-earning assets of the Group:

	30 June 2020		31 December 2019		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
Pass	**40,885,718**	**80.37%**	40,200,852	80.75%	1.7%
Special attention	**9,487,568**	**18.65%**	9,138,659	18.35%	3.8%
Substandard	**454,603**	**0.90%**	404,442	0.82%	12.4%
Doubtful	**–**	**0.00%**	–	0.00%	0.0%
Loss	**41,686**	**0.08%**	41,686	0.08%	0.0%
Net interest-earning assets	**50,869,575**	**100.00%**	49,785,639	100.00%	2.2%
Non-performing assets(1)	**496,289**		446,128		11.2%
Non-performing assets ratio(2)	**0.98%**		0.90%		

(1) Non-performing assets are defined as those interest-earning assets having objective evidence of impairment as a result of one or more events that occur after initial recognition and that event has an impact on the future cash flows of interest-earning assets that can be reliably estimated. These interest-earning assets are classified as "substandard", "doubtful" or "loss".

(2) The non-performing assets ratio is the percentage of non-performing assets over net interest-earning assets as at the applicable date.

Note: Please refer to "Management Discussion and Analysis – 7. Risk Management" in this report for more details of five-category classification.

Ratio of overdue interest-earning assets

In the first half of 2020, the Group implemented prudent risk control and asset management policy and continued improving the risk management system. However, certain clients were affected by the epidemic, resulting in unsatisfied operation performance and temporarily tightened cashflow. As at 30 June 2020, the overdue ratio (over 30 days) was 0.92%, increased by 0.08 percentage point as compared to 0.84% at the end of the previous year.

The following table sets forth the ratio of the Group's interest-earning assets overdue for over 30 days:

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Overdue ratio (over 30 days)(1)	**0.92%**	0.84%

(1) Calculated as net interest-earning assets (overdue for over 30 days) divided by net interest-earning assets.

Provision for impairment of interest-earning assets

As at 30 June 2020, the Group's provision coverage ratio was 199.68%, representing an increase of 1.22 percentage points as compared to the end of the previous year. With the expansion of its business, the Group's management believes that it is imperative to take prudent measures to protect the Group against systematic risks and move towards the international standards and practices. As such, the Group maintained its asset provision coverage ratio at an appropriate level. During the reporting period, the Group's loss assets were RMB41.7 million. Despite the Group's effort in collection through judicial means, those assets available for enforcement were unable to cover risk exposure. The Group will continue to take various ways to recover the leased assets to the maximum extent.

The following table sets forth the breakdown of provisions by the Group's assessment methodology:

	As at 30 June 2020			
	Stage 1 (12-month expected credit loss) RMB'000 (Unaudited)	**Stage 2 (Lifetime expected credit loss) RMB'000 (Unaudited)**	**Stage 3 (Lifetime expected credit loss-impaired) RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Net interest-earning assets	**41,014,976**	**9,358,310**	**496,289**	**50,869,575**
Provision for impairment of interest-earning assets	**(461,407)**	**(341,513)**	**(188,088)**	**(991,008)**
Interest-earning assets, net	**40,553,569**	**9,016,797**	**308,201**	**49,878,567**

	As at 31 December 2019			
	Stage 1 (12-month expected credit loss) RMB'000 (Audited)	Stage 2 (Lifetime expected credit loss) RMB'000 (Audited)	Stage 3 (Lifetime expected credit loss-impaired) RMB'000 (Audited)	Total RMB'000 (Audited)
Net interest-earning assets	40,200,852	9,138,659	446,128	49,785,639
Provision for impairment of interest-earning assets	(403,611)	(303,539)	(178,225)	(885,375)
Interest-earning assets, net	39,797,241	8,835,120	267,903	48,900,264

3.1.3.2 Accounts receivables

As at 30 June 2020, the Group's net accounts receivables was RMB672.9 million, representing an increase of RMB41.4 million or 6.6% as compared to the end of the previous year. The increase of accounts receivables was mainly due to the increase of receivables of medical institutions consolidated by the Group in the first half of the year.

3.1.4 Other assets

As at 30 June 2020, the Group's balance of inventory was RMB191.1 million, representing an increase of RMB34.3 million as compared to the beginning of the year, which was mainly due to the increase of balance of inventory from medical institutions consolidated by the Group in the first half of the year.

As at 30 June 2020, the Group's balance of right-of-use assets was RMB721.7 million, of which, right-of-use assets recognized in office lease was RMB99.7 million, representing an increase of RMB31.7 million as compared to the beginning of the year, and such increase was mainly due to the land use right of RMB53.9 million from medical institutions consolidated by the Group in the first half of the year.

As at 30 June 2020, the Group's balance of property, plant and equipment was RMB2,178.3 million, representing an increase of RMB55.7 million as compared to the beginning of the year, which was mainly due to the increase of balance of property, plant and equipment from medical institutions consolidated by the Group in the first half of the year.

As at 30 June 2020, the Group's balance of prepayments, deposits and other receivables was RMB372.7 million, representing an increase of RMB40.3 million as compared to the beginning of the year, which were mainly due to the increase of prepayments from medical institutions consolidated by the Group in the first half of the year.

As at 30 June 2020, the balance of the Group's investment in joint venture was RMB449.7 million, which was the investment in Sichuan Huankang Hospital Management Company Limited (四川環康醫院管理公司); the balance of investment in associates was RMB3.8 million, which was investment in the associates under Ansteel General Hospital.

As at 30 June 2020, the Group's balance of goodwill was RMB69.9 million, which maintained at the same level as compared to the beginning of the year, which included goodwill of RMB58.9 million arising from the acquisition of XD Hospital, goodwill of RMB0.8 million arising from the acquisition of Ansteel General Hospital and goodwill of RMB1.0 million arising from the acquisition of Xianyang Caihong Hospital.

As at 30 June 2020, the Group's balance of other assets was RMB56.2 million, representing an increase of RMB11.6 million, which was mainly due to the increase of the balance of intangible assets from update and upgrade of software systems by the Group in the first half of the year.

3.2 Overview of Liabilities

As at 30 June 2020, the Group's total liabilities amounted to RMB45,203.1 million, representing an increase of RMB797.8 million, or 1.8%, as compared to the end of the previous year. In particular, the balance of interest-bearing bank and other borrowings amounted to RMB39,032.0 million, representing an increase of RMB1,029.2 million, or 2.7%, as compared to the end of the previous year, accounting for 86.3% of the total liabilities; the balance of other payables and accruals amounted to RMB5,372.0 million, representing an increase of RMB398.6 million, or 8.0%, as compared to the end of the previous year, accounting for 11.9% of the total liabilities.

The following table sets forth the Group's liabilities as at the dates indicated:

	30 June 2020		31 December 2019		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
Interest-bearing bank and other borrowings	**39,032,040**	**86.3%**	38,002,843	85.6%	2.7%
Trade payables	**614,230**	**1.4%**	1,289,436	2.9%	-52.4%
Other payables and accruals	**5,372,017**	**11.9%**	4,973,387	11.2%	8.0%
Derivative financial instruments	**70,095**	**0.2%**	65,549	0.1%	6.9%
Tax payable	**114,752**	**0.2%**	74,119	0.2%	54.8%
Total	**45,203,134**	**100.0%**	44,405,334	100.0%	1.8%

3.2.1 Interest-bearing bank and other borrowings

In the first half of 2020, under the relatively easy monetary policies as affected by the COVID-19 epidemic, the Group actively explored various channels to ensure low-cost capital as required in business development. In the direct financing market, leveraging on advantage of domestic AAA rating and the market incentive policies, the Group issued batches of bonds at low cost for epidemic prevention and control, and also registered different kinds of bonds including medium-term notes, corporate bonds, super short-term financing bonds and Principal-Protected Note (PPN), so as to reserve sufficient sources of funds. In the domestic bank loan market, the Group has established strategic partnerships with several large state-owned banks, national-wide joint-stock banks and local city commercial banks with strong capacity to further develop financing business both in depth and width. Meanwhile, under the favourable factor of decline of USD financing cost arising from the reduction of interest by Federal Reserve Board (FED), the Group continued to promote overseas financing and actively carried out foreign currency syndicated loans business and bilateral loans business. In the second half of the year, the Group will, according to market condition, actively adjust financing strategies and optimize its debt structure of diversified financing instruments, decentralize financing areas, diversify financing arrangements, and continue to maintain competitive cost advantages.

The Group's interest-bearing bank and other borrowings is mainly used to provide capital for its finance lease business. As at 30 June 2020, the balance of the Group's interest-bearing bank and other borrowings was RMB39,032.0 million, representing an increase of RMB1,029.2 million or 2.7% as compared to 31 December 2019. The borrowings of the Group are mainly at fixed interest rates or at benchmark lending interest rates promulgated by the People's Bank of China, the London Interbank Offered Rate (Libor), Hong Kong Interbank Offered Rate and other floating rates.

Breakdown of interest-bearing bank and other borrowings by type:

	30 June 2020		31 December 2019		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change %
Bank loans	**19,660,882**	**50.4%**	18,079,070	47.6%	8.7%
Due to related parties	**1,996,501**	**5.1%**	1,993,891	5.2%	0.1%
Bonds	**15,145,783**	**38.8%**	14,809,640	39.0%	2.3%
Other loans	**2,228,874**	**5.7%**	3,120,242	8.2%	-28.6%
Total	**39,032,040**	**100.0%**	38,002,843	100.0%	2.7%

As at 30 June 2020, the balance of the Group's bank loans amounted to RMB19,660.9 million, accounting for 50.4% of the total interest-bearing bank and other borrowings, representing an increase of 2.8 percentage points as compared to 47.6% as at 31 December 2019. In the first half of 2020, both the LPR and the USD Libor continued to decline, which lowered the financing cost of domestic and foreign banks, thus the Group put more effort in cooperation with domestic and foreign banks and the proportion of balance of bank loans increased.

Breakdown of interest-bearing and other borrowings by currency:

	30 June 2020		31 December 2019		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change %
RMB	**26,852,931**	**68.8%**	26,857,298	70.7%	0.0%
USD	**6,813,317**	**17.5%**	6,249,690	16.4%	9.0%
HKD	**5,365,792**	**13.7%**	4,895,855	12.9%	9.6%
Total	**39,032,040**	**100.0%**	38,002,843	100.0%	2.7%

As at 30 June 2020, the balance of the Group's interest-bearing bank and other borrowings denominated in RMB was RMB26,852.9 million, which accounted for 68.8% of its total interest-bearing bank and other borrowings, representing a decrease of 1.9 percentage points as compared to 70.7% as at 31 December 2019. In the first half of 2020, as the deduction of interest by the FED lowered USD financing cost, the Group put more effort in foreign currency financing, and the proportion of foreign currency financing increased.

Breakdown of the interest-bearing bank and other borrowings by region:

	30 June 2020		31 December 2019		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change %
Domestic	**25,752,931**	**66.0%**	25,857,299	68.0%	-0.4%
Overseas	**13,279,109**	**34.0%**	12,145,544	32.0%	9.3%
Total	**39,032,040**	**100.0%**	38,002,843	100.0%	2.7%

As at 30 June 2020, the Group's domestic financing balance was RMB25,752.9 million, accounting for 66.0% of the total interest-bearing bank and other borrowings, representing a decrease of 2.0 percentage points as compared to 68.0% as at 31 December 2019.

Breakdown of the current and non-current interest-bearing bank and other borrowings:

	30 June 2020		31 December 2019		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change %
Current	**14,668,751**	**37.6%**	14,987,079	39.4%	-2.1%
Non-current	**24,363,289**	**62.4%**	23,015,764	60.6%	5.9%
Total	**39,032,040**	**100.0%**	38,002,843	100.0%	2.7%

As at 30 June 2020, the total balance of the Group's current interest-bearing bank and other borrowings amounted to RMB14,668.8 million, accounting for 37.6% of its total interest-bearing bank and other borrowings, representing a decrease of 1.8 percentage points as compared to 39.4% as at 31 December 2019. In the first half of 2020, on the premise that sufficient liquidity and reasonable debt structure are ensured, the Group actively optimized the maturity structure of liabilities, therefore, the ratio of current liabilities decreased slightly and the overall structure of assets and liabilities was favourable.

Breakdown of the secured and unsecured interest-bearing bank and other borrowings:

	30 June 2020		31 December 2019		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
Secured	5,234,405	13.4%	5,492,886	14.5%	-4.7%
Unsecured	33,797,635	86.6%	32,509,957	85.5%	4.0%
Total	39,032,040	100.0%	38,002,843	100.0%	2.7%

As at 30 June 2020, the Group's total secured interest-bearing bank and other borrowings amounted to RMB5,234.4 million, accounting for 13.4% of its total interest-bearing bank and other borrowings, representing a decrease of 1.1 percentage points as compared to 14.5% as at 31 December 2019. The Group's secured assets were mainly finance lease assets. In order to expand financing channels, diversify financing instruments, and on the basis of stably improving the matching of maturity structure of the assets and liabilities, the proportion of the secured interest-bearing liabilities decreased slightly in the first half of the year.

Breakdown of the direct financing and indirect financing in interest-bearing bank and other borrowings:

	30 June 2020		31 December 2019		
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	Change %
Direct financing	15,247,930	39.1%	14,809,640	39.0%	3.0%
Indirect financing	23,784,110	60.9%	23,193,203	61.0%	2.5%
Total	39,032,040	100.0%	38,002,843	100.0%	2.7%

As at 30 June 2020, the balance of the direct financing of the Group's interest-bearing bank and other borrowings amounted to RMB15,247.9 million, accounting for 39.1% of its total interest-bearing bank and other borrowings, representing an increase of 0.1 percentage point as compared to 39.0% as at 31 December 2019.

3.2.2 Other payables and accruals

Other payables and accruals primarily comprise the lease deposits paid by customers, the accrued interests on borrowings, as well as the accrued salary and welfare payables. As at 30 June 2020, other payables and accruals amounted to RMB5,372.0 million in total, representing an increase of RMB398.6 million as compared to the end of the previous year, mainly due to increase in lease deposits of the Group and increase in receivables and payables, security deposits and guarantee deposits resulted from the medical institutions consolidated by the Group.

3.3 Shareholders' Equity

As at 30 June 2020, the Group's total equity was RMB13,996.0 million, representing an increase of RMB548.8 million or 4.1% as compared to the end of the previous year, among which the non-controlling interests were RMB2,442.8 million, representing an increase of RMB137.3 million or 6.0% as compared to the end of the previous year, which was mainly due to the increase of non-controlling interests from the newly consolidated medical institutions in the first half of 2020.

The following table sets forth the equities for the dates indicated:

	30 June 2020		31 December 2019		
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total	Change %
Share capital	**4,327,842**	**30.9%**	4,327,842	32.2%	0.0%
Reserves	**5,523,183**	**39.5%**	5,161,462	38.4%	7.0%
Equity attributable to owners of the parent	**9,851,025**	**70.4%**	9,489,304	70.6%	3.8%
Perpetual bonds holders	**1,702,187**	**12.2%**	1,652,387	12.3%	3.0%
Non-controlling interests	**2,442,831**	**17.4%**	2,305,517	17.1%	6.0%
Total	**13,996,043**	**100.0%**	13,447,208	100.0%	4.1%

4. CASH FLOWS ANALYSIS

In the first half of 2020, the Group's net cash inflow from operating activities amounted to RMB614.0 million, representing an increase of inflow of RMB5,220.4 million as compared to that of the corresponding period of the previous year, which was mainly due to the expansion of finance and advisory business and the slowdown of scale increase in interest-earning assets as affected by the COVID-19 epidemic. Net cash outflows from investing activities amounted to RMB17.3 million, representing a decrease of outflow of RMB2,702.5 million as compared to that of the corresponding period of the previous year, primarily due to the decrease in term deposits of RMB2,758.3 million. Net cash outflow from financing activities amounted to RMB1,145.8 million, representing a decrease of inflow of RMB7,930.2 million as compared to that of the corresponding period of the previous year, primarily due to the decrease in interest-bearing bank and other borrowings as a result of the slowdown of expansion of the Group's finance and advisory business.

The following table sets forth the cash flows for the periods indicated:

	For the six months ended 30 June		
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	Change %
Net cash flows from/(used in) operating activities	**613,979**	(4,606,433)	-113.3%
Net cash flows used in investing activities	**(17,269)**	(2,719,733)	-99.4%
Net cash flows (used in)/from financing activities	**(1,145,785)**	6,784,390	-116.9%
Effect of exchange rate changes on cash and cash equivalents	**(3,370)**	2,177	-254.8%
Net decrease in cash and cash equivalents	**(552,445)**	(539,599)	2.4%

5. CAPITAL MANAGEMENT

The primary objective of the Group's capital management activities is to ensure that it maintains healthy capital ratios, so as to support the Group's business and maximize its shareholders' benefits. The Group uses debt ratio and gearing ratio to monitor its capital status. As at 30 June 2020, no change was made to the Group's objectives, policies or processes for capital management.

Debt ratio

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Total assets	**59,199,177**	57,852,542
Total liabilities	**45,203,134**	44,405,334
Total equity	**13,996,043**	13,447,208
Debt ratio	**76.36%**	76.76%

Gearing ratio

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Interest-bearing bank and other borrowings	**39,032,040**	38,002,843
Total equity	**13,996,043**	13,447,208
Gearing ratio	**2.79**	2.83

As at 30 June 2020, the Group's debt ratio and gearing ratio decreased slightly as compared to the end of the previous year.

6. CAPITAL EXPENDITURE

The Group's capital expenditure primarily consists of expenditure on the purchase of medical equipment and other equipment relating to the Group's operating lease business, construction expenditure on hospital projects and expenditure relating to office facilities. In the first half of 2020, the Group had capital expenditure of RMB186.8 million.

Use of Proceeds from the Initial Public Offering

The shares of the Company were listed on the Main Board of the Stock Exchange on 8 July 2015. On 30 July 2015, after deducting underwriting commissions and all related expenses, the net proceeds from the initial public offering amounted to approximately RMB2,775.5 million. As of 30 June 2020, the Group did not expect to make any change in the proposed use of proceeds set out in the Prospectus.

The Board closely monitored the use of proceeds from the initial public offering with reference to the use of proceeds disclosed in the Prospectus and confirmed that there was no material change in the proposed use of proceeds as previously disclosed in the Prospectus. As of 30 June 2020, RMB1,249.0 million which we planned to use for supporting our finance lease business, RMB277.6 million which we planned to use for funding general corporate purposes, and RMB416.3 million which we planned to use for our hospital operation and management business, out of the net proceeds from the initial public offering of the Group, have been fully utilized according to the usages disclosed in the Prospectus.

In the first half of 2020, the Group utilized RMB26.3 million in development and operation of hospital digitalization business, and RMB15.1 million in development of CVA project solutions and clinical department upgrade services in other new areas.

As of 30 June 2020, the remaining balance of net proceeds of the Group which we planned to use for hospital digitalization business, CVA project solutions and clinical department upgrade services in other new areas was RMB292.3 million and RMB101.9 million, respectively.

The remaining amount of RMB101.9 million for CVA project solutions and clinical department upgrade services in other new areas will be used for further development of CVA project solutions and clinical department upgrade services in other new areas and providing hospital customers with financial support for clinical department upgrade in coming years. The remaining amount of RMB292.3 million for hospital digitalization business will be used in coming years, according to the Company's development strategy and plan, for the development and operation of hospital digitalization business, further recruitments to expand our technology solutions team, continuous development of proprietary information management system for hospitals as well as related marketing activities.

7. RISK MANAGEMENT

The Group's principal financial instruments include loans and accounts receivables, trade payables, interest-bearing bank and other borrowings, and cash and cash equivalents. The main purpose of cash and cash equivalents and interest-bearing bank and other borrowings is to finance the Group's operations while other financial assets and financial liabilities such as loans and accounts receivables and trade payables are directly related to the Group's operating activities.

The Group is exposed to various types of market risks in the ordinary course of business, primarily including interest rate risk, currency risk, credit risk and liquidity risk.

7.1 Interest Rate Risk

Interest rate risk is the risk arising from the fluctuation of financing instrument or future cash flows as a result of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates primarily relates to the Group's interest-bearing bank and other borrowings and finance lease receivables.

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modeling). The Group aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such risk mitigation measure.

The following table sets forth a sensitivity analysis on the Group's profit before tax affected by a reasonably possible change in interest rate, with all other variables unchanged. The sensitivity of the profit before tax is the effect of the assumed changes in interest rates on profit before tax, based on the financial assets and financial liabilities held at the end of each reporting period subject to repricing within the coming year.

	Increase/decrease in profit before tax	
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Change in base points		
+100 base points	**81,834**	165,379
-100 base points	**(81,834)**	(165,379)

7.2 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. The Group's exposure to the risk of changes in foreign exchange relates primarily to the financing activities of the Group.

The Group conducts its business mainly in RMB, with certain financing activities denominated in USD and other currencies pegged to the USD. The Group's currency risk mainly arises from the transactions denominated in currencies other than RMB. In order to control currency risk, the Group adopted prudent currency risk management strategies which hedges risk exposures one by one under comprehensive risk exposure management. It proactively hedged against foreign exchange exposure based on the currency and terms through using the operation of financial instruments such as forward exchange rate. As of 30 June 2020, the Group's exposure to foreign exchange risk amounted to approximately USD1,551.9 million, USD1,540.3 million or 99.26% of which had been hedged against by various financial instruments. Thus, the Group's exposure to foreign exchange risk is basically covered.

The table below sets forth a sensitivity analysis on the Group's profit before tax affected by a reasonably possible change in exchange rate:

	Change in exchange rate %	Increase/decrease in profit before tax	
		30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
If RMB strengthens against USD/HKD	(1)	**907**	(299)
If RMB weakens against USD/HKD	1	**(907)**	299

The exchange rate of RMB to USD is managed under a floating exchange rate system. The HKD exchange rate has been linked to the USD and therefore the exchange rate of RMB to HKD has fluctuated and will fluctuate in line with the changes in the exchange rate of RMB to USD. The analysis calculates the effect of a reasonably possible movement in the currency rate against RMB, with all other variables held constant, on profit before tax.

7.3 Credit Risk

Credit risk is the risk of loss arising from a lessee's or counterparty's inability to meet its obligations. The Group enters into transactions only with recognized and creditworthy third parties. In accordance with the policy of the Group, the Group examines and verifies the credit risk of all customers with whom the Group has credit transactions. Besides, the Group monitors and controls the interest-earning assets regularly to mitigate the risk of significant exposure to bad debts. Other financial assets of the Group include cash and bank deposits, accounts receivables and other receivables. The credit risk of these financial assets arises from the counterparty's inability to meet its obligations. The maximum exposure to credit risk equals to the carrying amounts of these assets.

In determining the classification of its interest-earning assets, the Group applies a set of criteria pursuant to its internal policies. These criteria are designed to assess the likelihood of repayment by the borrower and the collectability of principal and interest on the interest-earning assets of the Group. Interest-earning assets classification criteria of the Group focus on a number of factors, to the extent applicable, and include the following criteria:

Classification criteria

Pass. There is no reason to doubt that the loan principal and interest will not be repaid by the lessee in full and/or in a timely manner. There is no reason whatsoever to suspect that the interest-earning assets will be impaired.

Special Mention. Even though the lessee has been able to pay the lease payments in a timely manner, there are still some factors that could adversely affect its ability to pay. These factors include changes in economy, policies and regulations and industry environment, changes in property structures, significant negative events and significant fall in key financial indicators occurred to debtors, sharp lag of infrastructure projects behind the original plan, or heavy over-run of budget, impact of changes in core asset value on repayment abilities of the debtors, as well as emerging of position relating to guarantors impacting their financial and operating conditions. In addition, the Group takes into account impacts of subjective factors on asset quality such as changes in repayment willingness of the debtors, for example, if payments have been overdue and the financial position of the lessee has worsened, then the interest-earning assets for this lease contract should be classified as special mention or lower.

Substandard. The lessee's ability to pay the principal and interests of the lease receivables is in question as it is unable to make its payments in full with its operating revenues and the Group is likely to incur losses notwithstanding the enforcement of any guarantees. For example, if a lease payment that has been categorized as special mention continues to be overdue for a period of time, then the interest-earning assets for this lease contract should be classified as substandard or lower.

Doubtful. The lessee's ability to pay is in question as it is unable to make lease payments in full and on a timely basis with its operating revenues. Notwithstanding the enforcement of any guarantees underlying the lease contract, we are likely to incur significant losses. For example, if a lease payment that has been categorized as substandard continues to be overdue for a period of time, the interest-earning assets for this lease contract shall be classified as doubtful or lower.

Loss. After taking all possible steps or going through all necessary legal procedures, lease payments remain overdue or only a very limited portion has been recovered. For example, if a lease payment that has been categorized as doubtful continues to be overdue for a period of time, the interest-earning assets for this lease contract shall be classified as a loss.

Asset management measures

Under the overall risk management framework, the Group fully participated in the asset management works, with multi-sectorial coordination and collaboration, to maintain the safety of assets and improve the asset quality. During the whole process of each of the finance lease project, the Group took risk management measures to monitor the quality of its asset portfolio, the quality of the assets underlying its leases and the efficiency of its credit assessment workflow. These measures are integrated into on-going asset management efforts of the Group with the following key features:

Continuously improving the management process after the lease and regularly monitoring the asset portfolio

The Group continued to improve the management process after lease and strengthened the coordination of various departments to ensure the rent collection and the collateral security, as well as enhancing asset quality. During the period, the Group constantly monitored the collection of rental payments from our customers. For projects with overdue lease receivables, we would adopt a variety of measures to collect the overdue receivables, and collect data to facilitate our classification of risky assets.

On-site customer visits

The Group formulated and implemented an annual on-site visit plan and inspected the business development and financial conditions of its customers on a continuing basis, during which cross-selling opportunities could also be explored for providing more value-added services. Through on-site visits, the customers would be urged to pay the rent on time more consciously and they would be more willing to communicate with the Group.

Material events handling and reporting procedures

The Group implemented a material events reporting system. If any material adverse event occurs to customers, a responsible department should take the lead and collaborate and coordinate with various departments to actively respond to the situation. Meanwhile, such event would need to be reported to the senior management and the Board.

Regular assessments on asset quality and update on reclassification

The Group adopted the expected credit loss model to classify its interest-earning assets. Under this categorization system, the Group's interest-earning assets are divided into five categories, namely "pass", "special mention", "substandard", "doubtful" and "loss". The last three categories of assets are considered as non-performing assets. The Group applied a series of criteria in determining the classification of each of its assets, which focus on a number of factors, including (1) the customer's ability to make lease payments; (2) the customer's payment history; (3) the customer's willingness to make lease payments; (4) the collateral provided for the lease; and (5) the possibility of legal enforcement in the event of delinquent lease payments. The Group closely monitored the asset quality by focusing on the aforementioned factors, and would decide whether to reclassify such assets and adopt appropriate measures to improve their management. The Group has also established concrete management measures for making relevant provisions for impairment to the extent such impairment is reasonably envisaged.

Credit Risk Analysis

Analysis on the industry concentration of interest-earning assets

Credit risk is often greater when lessees are concentrated in one single industry or geographical location or have comparable economic characteristics. Customers of the Group are diversely located in different regions of mainland China, and its lessees are from different industries as follows:

	30 June 2020		31 December 2019	
	RMB'000 (Unaudited)	**% of total**	RMB'000 (Audited)	% of total
Healthcare	**32,974,122**	**64.8%**	34,629,870	69.6%
Others	**17,895,453**	**35.2%**	15,155,769	30.4%
Total	**50,869,575**	**100.0%**	49,785,639	100.0%

Although the customers of the Group are mainly concentrated in the healthcare industry, there is no significant credit risk concentration within the Group as the healthcare industry relates closely to people's basic livelihood and is weakly correlated to the economic cycle.

The data of exposure to credit risk mainly arises from loans and accounts receivables, deposits and other receivables. The analysis of financial assets which are neither past due nor impaired is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Net interest-earning assets	**49,505,006**	48,857,612
Accounts receivables	**672,871**	631,474
Deposits and other receivables	**131,827**	249,983
Derivative financial assets	**399,451**	220,265

7.4 Liquidity Risk

Liquidity risk is the risk arising from funds not being available to meet liabilities as they fall due. This may arise from mismatches in amounts or duration with regard to the maturity of financial assets and liabilities.

The Group manages its liquidity risk through daily, monthly and quarterly monitoring with the following objectives: maintaining flexibility in funding by keeping sufficient available loan facilities or loan commitments provided by banks and other financial institutions, making projections of cash flows and evaluating the appropriateness of current asset/liability position, and maintaining an efficient internal funds transfer mechanism.

The table below summarizes the maturity profile of the Group's financial assets and liabilities based on the contractual undiscounted cash flows:

	On demand	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
			RMB'000			
			30 June 2020			
			(Unaudited)			
Total financial assets	**3,173,366**	**6,228,577**	**16,866,909**	**37,026,311**	**33,397**	**63,328,560**
Total financial liabilities	**(1,516,689)**	**(4,633,023)**	**(12,440,889)**	**(28,385,768)**	**(12,809)**	**(46,989,178)**
Net liquidity gap(1)	**1,656,677**	**1,595,554**	**4,426,020**	**8,640,543**	**20,588**	**16,339,382**
			31 December 2019			
			(Audited)			
Total financial assets	3,655,877	5,792,264	14,543,548	38,657,506	104,163	62,753,358
Total financial liabilities	(496,991)	(6,327,831)	(12,603,141)	(27,164,976)	(21,645)	(46,614,584)
Net liquidity gap(1)	3,158,886	(535,567)	1,940,407	11,492,530	82,518	16,138,774

(1) A positive net liquidity gap indicates financial assets more than financial liabilities and there is no funding gap, while a negative net liquidity gap indicates otherwise.

The Group will reasonably arrange the term of financial liabilities to control the liquidity risk.

8. PLEDGE OF GROUP ASSETS

As at 30 June 2020, the Group had interest-earning assets of RMB5,696.8 million and cash of RMB759.4 million pledged or paid to banks to secure the bank borrowings.

9. MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 28 February 2020, the Group and it's wholly-owned subsidiary, Hospital Investment Co., Ltd. entered into a cooperation agreement with No.206 Research Institute of China Ordnance Industries (中國兵器工業第二〇六研究所) ("**No. 206 Research Institute**"). The parties agreed to jointly establish a joint venture ("**206 Joint Venture**") with cash of RMB19,776,000 contributed by Hospital Investment Co., Ltd. and the net assets of hospitals contributed by No.206 Research Institute. Pursuant to the cooperation agreement, the 206 Joint Venture, upon its establishment, will be held as to 51% and 49% by Hospital Investment Co., Ltd. and No.206 Research Institute, respectively.

On 31 March 2020, Hospital Investment Co., Ltd. entered into a capital increase agreement with CR State Asset. Both parties agreed to jointly increase the capital of Genertec CR (Beijing) Hospital Management Co., Ltd. (通用中鐵（北京）醫院管理有限公司) ("**CR Joint Venture**") with cash of approximately RMB225,250,000 contributed by Hospital Investment Co., Ltd. and the net assets of hospitals contributed by CR State Asset. Pursuant to the capital increase agreement, the CR Joint Venture, upon completion of the capital increase, will be held as to 51% and 49% by Hospital Investment Co., Ltd. and CR State Asset, respectively.

On 31 May 2020, Hospital Investment Co., Ltd. entered into a capital increase agreement with the Minmetals Investors, Minmetals Innovation Investment Company Limited (五礦創新投資有限公司, "**Minmetals Innovation Investment**"), CITIC Capital Equity Investment (Tianjin) Corporation Limited (中信資本股權投資（天津）股份有限公司, "**CITIC Capital (Tianjin)**"). The parties agreed to jointly increase the capital of Genertec Minmetals Hospital Management (Beijing) Company Limited (通用五礦醫院管理（北京）有限公司) ("**Minmetals Joint Venture**") with cash of RMB385,020,000 contributed by Genertec Universal, assets of hospitals contributed by the Minmetals Investors, cash of RMB41,850,000 by Minmetals Innovation Investment and cash of RMB83,700,000 by CITIC Capital (Tianjin). Pursuant to the capital increase agreement, the Minmetals Joint Venture, upon completion of the capital increase, will be held by Hospital Investment Co., Ltd., the Minmetals Investors, Minmetals Innovation Investment and CITIC Capital (Tianjin) as to 46%, 39%, 5% and 10%, respectively.

There were no significant investments held, nor were there any material disposals of subsidiaries during the six months ended 30 June 2020.

10. CIRCUMSTANCES INCLUDING CONTRACTUAL OBLIGATIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

10.1 Contingent Liabilities

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Legal proceedings	**–**	–
Claimed amounts	**–**	–

10.2 Capital Commitments and Credit Commitments

The Group had the following capital commitments and credit commitments as at each of the dates indicated:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Capital expenditure under signed contracts but not appropriated(1)	**55,948**	41,158
Credit commitments(2)	**987,722**	1,411,699

(1) Capital expenditure under signed contracts but not appropriated during the period represents project funds under signed contracts but not yet paid mainly for medical equipment and hospital development and operation projects.

(2) Credit commitments refer to the amount, conditional and revocable, under approved lease contracts but not appropriated by settlement date.

11. HUMAN RESOURCES

As of 30 June 2020, we had a total of 12,783 employees, representing an increase of 4,022 or 45.9%, compared to 8,761 employees as of 31 December 2019, which is mainly due to transfer of employees from consolidated medical institutions.

We have a highly-educated and high-quality work force, with about 52.3% of our employees holding bachelor's degrees and above, about 7.8% holding master's degrees and above, about 37.1% with intermediate title and above, and about 14.3% with senior vice title and above as of 30 June 2020.

We have established and implemented a flexible and efficient employee incentive compensation plan to link the remuneration of our employees to their overall performance and contribution to the Group. We have established a remuneration and award system based on their overall performance and accomplishment of work targets. We promote employees based on their positions, service term and overall performance by categorizing them into professional or managerial group, which provides our employees with a clear career path. We perform a comprehensive performance evaluation over our employees at different positions and levels on an annual basis according to business objective obligations and achievement of key objectives.

In accordance with applicable PRC regulations, we have made contributions to social security insurance funds (including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. We also provide other insurance plans for eligible employees such as supplementary pension, additional medical insurance and accident insurance in addition to those required under the PRC regulations. For the six months ended 30 June 2020, the Group complied with all statutory social insurance and housing fund obligations applicable to us under the PRC laws in all material respects.

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2020, the interests and/or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) Long positions in the Shares

Name	Nature of interest	Position	Number of Shares interested	Approximate percentage of interest held in the Company
Peng Jiahong[(1)]	Interest of controlled corporation	Executive Director	7,617,400	0.44%
Liu Zhiyong	Beneficial owner	Non-executive Director	200,000	0.01%

(B) Long positions in the underlying shares of the Company-physically settled unlisted equity derivatives

Name	Nature of interest	Position	Number of underlying shares in respect of the share options granted	Approximate percentage of interest held in the Company
Peng Jiahong[(2)]	Beneficial owner	Executive Director	1,322,000	0.08%
Yu Gang[(3)]	Beneficial owner	Executive Director	1,322,000	0.08%

Notes:

(1) Ms. Peng Jiahong is the sole legal and beneficial owner of Evergreen which is the beneficial owner of the said 7,617,400 Shares. By virtue of the SFO, Ms. Peng is deemed to be interested in the Shares owned by Evergreen.

(2) Ms. Peng was granted an option to subscribe for 1,322,000 Shares under the Share Option Scheme of the Company adopted on 31 December 2019.

(3) Mr. Yu was granted an option to subscribe for 1,322,000 Shares under the Share Option Scheme of the Company adopted on 31 December 2019.

Save as disclosed above, as at 30 June 2020, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES

So far as the Directors are aware, as of 30 June 2020, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register of the Company required to be kept by the Company under Section 336 of the SFO:

Long positions in the Shares and the underlying Shares

Name of shareholder	Nature of interest	Number of Shares interested	Approximate percentage of interest held in the Company
GT-HK *(Note)*	Beneficial owner	617,361,895	35.97%
GT-PRC *(Note)*	Interest of controlled corporation	680,840,200	39.67%

Note:

Among the 680,840,200 Shares, 617,361,895 Shares are registered under the name of GT-HK and 63,478,305 Shares are registered under the name of China General Consulting & Investment (Hong Kong) Co., Limited ("CGCI-HK"). The entire issued share capital of GT-HK is ultimately owned by GT-PRC and the entire issued share capital of CGCI-HK is directly held by China General Consulting & Investment Co., Limited, which in turn, is wholly-owned by GT-PRC. By virtue of the SFO, GT-PRC is deemed to be interested in a total of 680,840,200 Shares held by GT-HK and CGCI-HK.

Save as disclosed above, as at 30 June 2020, the Directors were not aware of any person who had any interests or short positions in any Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE CODE

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code and the Company has adopted the CG Code as its own code of corporate governance.

During the period from 1 January 2020 to 30 June 2020, the Company has complied with all code provisions as set out in the CG Code save for the deviation from code provision A.4.2.

Code provision A.4.2 of the CG Code stipulates that every director (including those appointed for a specific term) should be subject to retirement by rotation at least once every three years. However, pursuant to the Articles, the executive Directors shall not be subject to the rotational retirement provision, without prejudice of the power of shareholders in general meeting to remove any such Director. To ensure the continuity of leadership and stability for growth of the Company, the Board is of the view that the executive Directors should hold office on a continuous basis.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Securities Dealing Code on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules to regulate the Directors' and employees' dealings in the Company's securities.

Having made specific enquiry to all the Directors, all of them confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the period from 1 January 2020 to the date of this interim report.

No incident of non-compliance of the Securities Dealing Code by the relevant employees was noted by the Company.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules. It comprises three members, namely Mr. Li Yinquan (chairman), Mr. Liu Xiaoping and Mr. Chow Siu Lui, among whom, Mr. Li Yinquan and Mr. Chow Siu Lui are independent non-executive Directors (including one independent non-executive Director who possesses appropriate professional qualifications or expertise in accounting or relevant financial management).

The Audit Committee has discussed with the management and the external auditor and reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2020 and this interim report.

In addition, Ernst & Young, the external auditor of the Company, has independently reviewed the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2020 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information relating to the year ended 31 December 2019 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2020 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies as required under section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has submitted a report on the consolidated financial statements for the year ended 31 December 2019. The auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

SHARE OPTION SCHEME

On 31 December 2019, the Company adopted the Share Option Scheme, which falls within the ambit of, and is subject to, the regulations under Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to, among others, (i) further refine the corporate governance structure of the Company; (ii) establish a complete remuneration system, promote the Company's incentive and disciplinary mechanism, and encourage the initiative and commitment of its directors, senior management, and key employees; and (iii) attract and retain talents to strive for the long-term development of the Company.

The scope of the participants of the Share Option Scheme should be determined after taking into account the actual situation of the Company, in accordance with, among others, the Listing Rules, other applicable laws and regulations, and the Articles. The participants should in principle be limited to the Directors, senior management and other key employees of the Company who have direct impact on the Company's overall development.

The total number of Shares which may be issued upon exercise of all the options to be granted under the Share Option Scheme shall not in aggregate exceed 171,630,458 Shares, representing 10% of the Company's issued share capital as at the date of this report.

The maximum number of Shares which are issued and may be issued upon exercise of all options (including exercised and outstanding options) granted to any participant within any 12-month period shall not exceed 1% of the issued share capital of the Company, unless being approved by the Shareholders at a general meeting.

The Share Option Scheme shall be valid and effective for a period of ten years commencing from the adoption date, under which the first phase of the Share Option Scheme shall be valid for a period of five years. The Company may initiate a new phase of the Share Option Scheme two years after the effective date of the former one, subject to the relevant approvals. The vesting period of the options granted is 24 months from the grant date. Upon satisfaction of the relevant performance conditions and subject to the evaluation results of the participants, the participants are able to exercise their options in accordance with the arrangement specified in the terms of the Share Option Scheme, within 36 months after the expiry of the vesting period. Any option that remains unexercised upon expiry of such 36 months-period will automatically lapse.

An offer of the grant of the option shall be made to a participant and such offer shall remain open for acceptance by the participant concerned for a period of 21 days (as determined by the Board from time to time) from the date upon which the offer is made. An offer of the grant of the option shall be deemed to have been accepted and the option to which such offer relates shall be deemed to have been granted and to have taken effect when a duplicate letter comprising acceptance of offer duly signed by the participant with the number of Shares clearly stated therein, together with a remittance in favour of the Company of HKD1.00 as consideration for the grant thereof is received by the Company.

The exercise price of the share options granted under the Share Option Scheme shall be such price as determined by the Board in accordance with the requirements of the SASAC and the Stock Exchange, which shall not be less than the higher of (i) the closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the grant date; (ii) the average closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the grant date; and (iii) the nominal value of the Shares (if any).

On 31 December 2019, as approved by the Board, the Company granted share options to certain eligible participants to subscribe for an aggregate of up to 16,065,000 ordinary Shares, representing approximately 0.936% of the issued share capital of the Company as at the effective date, at the price of HKD5.97, as the first phase of the Share Option Scheme. Such grant of options has taken effect since 2 January 2020. Among the 16,065,000 options granted, a total of 2,644,000 options were granted to two Directors and the acceptance letters have been signed. Details of the options granted to the Directors are set out as follows:

Name of Directors	Position	Number of Shares to be issued upon full exercise of the options granted
Ms. Peng Jiahong	Executive Director, chief executive officer and general manager of the Company	1,322,000
Mr. Yu Gang	Executive Director	1,322,000
Total		2,644,000

Vesting period of the options granted on 31 December 2019 is 24 months from 31 December 2019. Upon satisfaction of the relevant performance conditions and subject to the evaluation results of the grantees and the terms of the first phase of the Share Option Scheme, the Grantees would be able to exercise their options after the expiry date of the vesting period (the "Expiry Date") and according to the schedule as set out below:

i. one third of the options granted would be exercisable within the period starting from the first trading date immediately after the Expiry Date, and ending on the last trading date of the 36-month period after 31 December 2019;

ii. one third of the options granted would be exercisable within the period starting from the first trading date immediately after the end of the abovementioned 36-month period, and ending on the last trading date of the 48-month period after 31 December 2019; and

iii. one third of the options granted would be exercisable within the period starting from the first trading date immediately after the end of the abovementioned 48-month period, and ending on the last trading date of the 60-month period after 31 December 2019.

Details of the options granted under the Share Option Scheme and those remained outstanding as at 30 June 2020 are as follows:

	Number of Options					
Name of Option Holders	Outstanding as at 1 January 2020	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2020	Exercise Price [(1)]
Directors						
Ms. Peng Jiahong	1,322,000	–	–	–	1,322,000	HKD5.97
Mr. Yu Gang	1,322,000	–	–	–	1,322,000	HKD5.97
Other Employees	13,421,000	–	–	–	13,421,000	HKD5.97
Total	16,065,000	–	–	–	16,065,000	

Note:

(1) Representing the higher of: a. the closing price of HKD5.97 per Share as stated in the Stock Exchange's daily quotations sheet on the effective date; and b. the average closing price of HKD5.746 per Share as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the effective date. Closing price of the Shares immediately before the effective date is HKD5.90 per Share.

The Board considers that it is not appropriate to state the value of the options granted pursuant to the Share Option Scheme as if they were granted at the date of this report. The Board believes that any statement regarding the value of the options as at the date of this report will not be meaningful to the Shareholders and to a certain extent would be misleading to the Shareholders, taking into account the number of variables which are crucial for assessing the value of the options which have not been determined.

A summary of the terms of the Share Option Scheme has been set out in the circular of the Company dated 12 December 2019.

DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

CHANGES IN DIRECTORS' INFORMATION

The changes in Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

1. Mr. Zhang Yichen, chairman of the Board and a non-executive Director, has served as a non-executive director of Frontier Services Group Limited (whose shares are listed on the Main Board of the Stock Exchange (stock code: 500)) since March 2020 and an independent non-executive director of China Vanke Co., Ltd. * (萬科企業股份有限公司) (whose shares are listed on the Main Board of the Stock Exchange (stock code: 2202) and Shenzhen Stock Exchange (stock code: 000002)) since June 2020.

2. Mr. Li Yinquan, an independent non-executive Director, has served as an independent non-executive director of China Everbright Bank Company Limited (whose shares are listed on the Main Board of the Stock Exchange (stock code: 6818) and Shanghai Stock Exchange (stock code: 601818)) since June 2020.

3. Mr. Su Guang, a non-executive Director, has served as a vice executive (副專員) in the deepening reform office of China Everbright Group Limited (中國光大集團股份公司) and the general manager of Everbright Belt and Road Green Equity Investment Fund, L.P.* (光大一帶一路綠色股權投資基金合夥企業（有限合夥）) since February 2020.

Save as disclosed above, during the reporting period and up to the date of this interim report, there were no other information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

* *For identification purpose only*

DISCLOSURE REQUIRED UNDER RULE 13.18 OF THE LISTING RULES

As at 30 June 2020, other than the circumstances as disclosed in the Prospectus and the announcements of the Company dated 11 December 2017, 4 September 2018 and 12 May 2020 respectively as required under Rule 13.18 of the Listing Rules, there were no other matters that gave rise to a disclosure required under Rule 13.18 of the Listing Rules.

PUBLICATION OF THE INTERIM REPORT

This interim report, in both English and Chinese versions, is available on the Company's website at www.universalmsm.com and the website of the Stock Exchange at www.hkexnews.hk.

Shareholders who have chosen or have been deemed consent to receive the corporate communications of the Company via the Company's website, and who for any reason have difficulty in receiving or gaining access to the corporate communications posted on the Company's website will promptly upon request be sent the interim report in printed form by post free of charge. Shareholders may at any time change their choice of the means of receipt and language(s) of corporate communications of the Company.

Shareholders may request for printed copy of the interim report or change their choice of means of receipt and language of the corporate communications of the Company by sending at least a 7-day notice in writing to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or by sending an email to unimedical.ecom@computershare.com.hk.

INDEPENDENT REVIEW REPORT

To the board of directors of
Genertec Universal Medical Group Company Limited
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 61 to 118, which comprises the condensed consolidated statement of financial position of Genertec Universal Medical Group Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2020 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
26 August 2020

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	**2020 (Unaudited) RMB'000**	2019 (Unaudited) RMB'000
REVENUE	5	**4,024,155**	3,195,355
Cost of sales		**(2,310,364)**	(1,550,366)
Gross profit		**1,713,791**	1,644,989
Other income and gains	5	**42,250**	28,138
Selling and distribution costs		**(180,529)**	(172,465)
Administrative expenses		**(256,464)**	(182,566)
Impairment losses on financial assets, net		**(118,925)**	(91,559)
Other expenses		**(62,606)**	(31,487)
Finance costs		**(13,991)**	(1,035)
Share of profits and losses of:			
A joint venture		**4,845**	–
An associate		**(178)**	–
PROFIT BEFORE TAX	6	**1,128,193**	1,194,015
Income tax expense	7	**(267,215)**	(321,490)
PROFIT FOR THE PERIOD		**860,978**	872,525
Attributable to:			
Owners of the parent		**793,402**	811,985
Non-controlling interests		**17,776**	10,834
Other equity instruments		**49,800**	49,706
		860,978	872,525
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB per share)	9	**0.46**	0.47

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	**860,978**	872,525
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**158,465**	14,150
Reclassification adjustments included in the consolidated statement of profit or loss	**(123,448)**	4,695
Income tax effect	**(14,779)**	(17,596)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**20,238**	1,249
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Actuarial losses on the post-retirement benefit obligations, net of tax	**(1,367)**	–
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(1,367)**	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**18,871**	1,249
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**879,849**	873,774
Attributable to:		
Owners of the parent	**812,941**	813,234
Non-controlling interests	**17,108**	10,834
Other equity instruments	**49,800**	49,706
	879,849	873,774

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**2,178,263**	2,122,560
Right-of-use assets		**721,651**	689,937
Loans and accounts receivables	12	**32,128,436**	33,408,641
Prepayments, deposits and other receivables		**64,796**	12,313
Goodwill		**69,908**	69,908
Deferred tax assets		**364,287**	308,585
Derivative financial instruments		**121,553**	32,756
Investment in a joint venture		**449,652**	444,807
Investment in an associate		**3,775**	4,198
Other assets		**56,162**	44,559
Total non-current assets		**36,158,483**	37,138,264
CURRENT ASSETS			
Inventories		**191,059**	156,726
Loans and accounts receivables	12	**18,423,507**	16,123,097
Prepayments, deposits and other receivables		**307,899**	320,070
Derivative financial instruments		**277,898**	187,509
Restricted deposits		**1,006,909**	541,009
Cash and cash equivalents	13	**2,833,422**	3,385,867
Total current assets		**23,040,694**	20,714,278
CURRENT LIABILITIES			
Trade payables	14	**614,230**	1,289,436
Other payables and accruals		**2,797,324**	2,387,726
Interest-bearing bank and other borrowings	15	**14,668,751**	14,987,079
Derivative financial instruments		**25,109**	19,553
Tax payable		**114,752**	74,119
Total current liabilities		**18,220,166**	18,757,913
NET CURRENT ASSETS		**4,820,528**	1,956,365
TOTAL ASSETS LESS CURRENT LIABILITIES		**40,979,011**	39,094,629

	Notes	**30 June 2020 (Unaudited) RMB'000**	31 December 2019 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	**24,363,289**	23,015,764
Other payables and accruals		**2,574,693**	2,585,661
Derivative financial instruments		**44,986**	45,996
Total non-current liabilities		**26,982,968**	25,647,421
Net assets		**13,996,043**	13,447,208
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	**4,327,842**	4,327,842
Reserves	17	**5,523,183**	5,161,462
		9,851,025	9,489,304
Other equity instruments		**1,702,187**	1,652,387
Non-controlling interests		**2,442,831**	2,305,517
Total equity		**13,996,043**	13,447,208

Peng Jiahong
Director

Yu Gang
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the parent											
	Share capital RMB'000 (Note 16)	Capital reserve* RMB'000 (Note 17)	Statutory reserve* RMB'000 (Note 17)	Share-based Compensation Reserve* RMB'000 (Note 17)	Exchange fluctuation reserve* RMB'000 (Note 17)	Hedge reserve* RMB'000	Retained profits* RMB'000	Post-retirement benefit reserve* RMB'000	Total RMB'000	Other equity instruments RMB'000	Non–controlling interests RMB'000	Total RMB'000
At 31 December 2019 (Audited)	4,327,842	33,302	691,382	–	29,248	(58,824)	4,468,192	(1,838)	9,489,304	1,652,387	2,305,517	13,447,208
Profit for the period	–	–	–	–	–	–	793,402	–	793,402	49,800	17,776	860,978
Other comprehensive income for the period												
Cash flow hedges, net of tax	–	–	–	–	–	20,238	–	–	20,238	–	–	20,238
Actuarial losses on the post-retirement benefit obligations, net of tax	–	–	–	–	–	–	–	(699)	(699)	–	(668)	(1,367)
Total comprehensive income for the period	–	–	–	–	–	20,238	793,402	(699)	812,941	49,800	17,108	879,849
Dividends (Note 8)	–	–	–	–	–	–	(454,117)	–	(454,117)	–	–	(454,117)
Recognition of equity-settled share-based payments	–	–	–	2,897	–	–	–	–	2,897	–	–	2,897
Acquisition of subsidiaries (Note 3)	–	–	–	–	–	–	–	–	–	–	120,206	120,206
At 30 June 2020 (Unaudited)	4,327,842	33,302	691,382	2,897	29,248	(38,586)	4,807,477	(2,537)	9,851,025	1,702,187	2,442,831	13,996,043

* These reserve accounts comprise the consolidated reserves of RMB5,523,183,000 (31 December 2019: RMB5,161,462,000) in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the parent									
	Share capital RMB'000 (Note 16)	Capital reserve* RMB'000 (Note 17)	Statutory reserve* RMB'000 (Note 17)	Exchange fluctuation reserve* RMB'000 (Note 17)	Hedge reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Other equity instruments RMB'000	Non–controlling interests RMB'000	Total RMB'000
At 31 December 2018 (Audited)	4,327,842	33,302	539,955	29,248	(72,829)	3,538,093	8,395,611	1,652,481	208,716	10,256,808
Profit for the period	–	–	–	–	–	811,985	811,985	49,706	10,834	872,525
Other comprehensive income for the period										
Cash flow hedges, net of tax	–	–	–	–	1,249	–	1,249	–	–	1,249
Total comprehensive income for the period	–	–	–	–	1,249	811,985	813,234	49,706	10,834	873,774
Dividends	–	–	–	–	–	(407,210)	(407,210)	–	–	(407,210)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	1,215,326	1,215,326
At 30 June 2019 (Unaudited)	4,327,842	33,302	539,955	29,248	(71,580)	3,942,868	8,801,635	1,702,187	1,434,876	11,938,698

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Notes	**2020 (Unaudited) RMB'000**	2019 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,128,193**	1,194,015
Adjustments for:			
Finance costs and interest expense		**926,181**	900,906
Interest income	5	**(21,917)**	(10,406)
Share of profit and loss of a joint venture and an associate		**(4,667)**	–
Derivative instruments – transactions not qualifying as hedges:			
– Unrealised fair value gains, net	6	**(15,877)**	(7,347)
– Realised fair value (gains)/losses, net	6	**(229)**	3,450
Depreciation and amortisation, exclusive of right-of-use assets		**110,632**	46,501
Depreciation of right-of-use assets		**23,305**	5,440
Impairment of loans and accounts receivables and other receivables	6	**118,925**	91,559
Loss on disposal of items of property, plant and equipment		**91**	121
Equity-settled share-based compensation expense	6	**2,897**	–
Foreign exchange losses, net	6	**56,369**	26,798
		2,323,903	2,251,037
Increase in inventories		**(25,335)**	(4,569)
Increase in loans and accounts receivables		**(1,123,771)**	(6,410,091)
Decrease/(increase) in prepayments, deposits and other receivables		**16,375**	(149,102)
Increase in other assets		**(3)**	(802)
Decrease in amounts due from related parties		**1,667**	853
Decrease in trade payables		**(707,853)**	(183,574)
Increase in other payables and accruals		**408,569**	157,399
Increase in amounts due to related parties		**22,189**	26,785
Net cash flows from/(used in) operating activities before tax and interest		**915,741**	(4,312,064)
Interest received		**10,633**	10,406
Income tax paid		**(312,395)**	(304,775)
Net cash flows from/(used in) operating activities		**613,979**	(4,606,433)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Notes	**2020 (Unaudited) RMB'000**	2019 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from an associate		**245**	441
Realised losses on derivative financial instruments not qualifying as hedges		**(70)**	(3,450)
Decrease/(increase) in time deposits		**69,762**	(2,841,285)
Acquisition of subsidiaries		**41,961**	193,168
Other receipt of investments		**67,468**	–
Other repayments of investments		**(10,000)**	–
Proceeds from disposal of items of property, plant and equipment and other non-current assets		**176**	5
Cash paid for acquisition of property, plant and equipment and other non-current assets		**(186,811)**	(68,612)
Net cash flows used in investing activities		**(17,269)**	(2,719,733)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from new borrowings		**11,820,492**	15,965,840
Repayments of borrowings		**(10,092,628)**	(9,384,646)
Cash paid for restricted deposits		**(586,485)**	(115,077)
Receipt of restricted deposits		**63,993**	394,343
Increase in amounts due to related parties		**407,246**	400,000
Decrease in amounts due to related parties		**(653,572)**	–
Interest paid		**(805,311)**	(975,499)
Principal portion of lease payments		**(887,487)**	906,639
Receipt of other financing activities		**135,005**	–
Cash paid on other financing activities		**(92,921)**	–
Dividends paid		**(454,117)**	(407,210)
Net cash flows (used in)/from financing activities		**(1,145,785)**	6,784,390
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(549,075)**	(541,776)
Cash and cash equivalents at beginning of the period		**3,385,867**	2,173,473
Effect of exchange rate changes on cash and cash equivalents		**(3,370)**	2,177
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**2,833,422**	1,633,874

	Notes	**2020 (Unaudited) RMB'000**	2019 (Unaudited) RMB'000
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**3,840,331**	4,801,750
Less: Restricted deposits and time deposits		**(1,006,909)**	(3,167,876)
Cash and cash equivalents as stated in the statement of financial position	13	**2,833,422**	1,633,874
Cash and cash equivalents as stated in the statement of cash flows	13	**2,833,422**	1,633,874

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

The financial information relating to the year ended 31 December 2019 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditors have reported on the financial statements for the year ended 31 December 2019. The auditor's report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

This interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKAS 16	*Covid-19-Related Rent Concessions (early adopted)*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

(a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the period ended 30 June 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the period ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB5,543,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 30 June 2020.

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

3. BUSINESS COMBINATIONS

The acquisitions of subsidiaries accounted for as business combinations are set out as follows:

On 30 November 2019, the Group and Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. entered into a cooperation agreement with Chengdu CLP Jinjiang Information Industry Co. Ltd. in connection with the formation of Chengdu Genertec Jindian Hospital Management Co., Ltd., whose registered capital would be contributed by Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. with cash in the amount of RMB8,966,000 and Chengdu CLP Jinjiang Information Industry Co. Ltd. with the assessed assets of Chengdu CEC Jinjiang Industry Company Hospital, respectively. Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. acquired an 81.51% equity interest in Chengdu Genertec Jindian Hospital Management Co., Ltd. Upon completion of the transaction, Chengdu Genertec Jindian Hospital Management Co., Ltd. is the promoter of Chengdu CEC Jinjiang Industry Company Hospital.The acquisition was completed on 31 January 2020 and accounted for using the acquisition method. The consolidated financial statements include the results of the acquired subsidiary since its acquisition date.

3. BUSINESS COMBINATIONS (CONTINUED)

In June 2019, Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd., a wholly-owned subsidiary of the Group, entered into a cooperation agreement with China Railway State Asset Management Co., Ltd. ("CR State Asset") in connection with the formation of Genertec CREC (Beijing) Hospital Management Co., Ltd., whose registered capital would be contributed by Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. with cash in the amount of RMB5,100,000 and CR State Asset with cash in the amount of RMB4,900,000, respectively. On 31 March 2020, Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd., entered into the Capital Increase Agreement with CR State Asset, pursuant to which Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. and CR State Asset agreed to further increase the capital of Genertec CREC (Beijing) Hospital Management Co., Ltd. in proportion to their respective shareholdings in Genertec CREC (Beijing) Hospital Management Co., Ltd. Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. and CR State Asset will contribute RMB225,253,000 in cash and RMB216,419,000 by injecting assets of the six medical institutions, respectively. Upon the completion of the capital increase, Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. will contribute RMB230,353,000 and acquired a 51% equity interest in Genertec CREC (Beijing) Hospital Management Co., Ltd. Upon completion of the transaction, Genertec CREC (Beijing) Hospital Management Co.,Ltd. is the promoter of the six medical institutions. The acquisition of the three medical Institutions was completed on 30 April 2020 and accounted for using the acquisition method. The consolidated financial statements include the results of the acquired subsidiary since its acquisition date.

In February 2020, the Group and Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. entered into a cooperation agreement with No.206 Research Institute of China Ordnance Industries in connection with the formation of Genertec Universal NORINCO (Xi'an) Hospital Management Co., Ltd, whose registered capital would be contributed by Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. with cash in the amount of RMB19,776,000 and the 206th Institute of China North Industries Group Corporation Limited with the assessed assets of NORINCO Xi'an Hospital, respectively. Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. acquired a 51% equity interest in Genertec Universal NORINCO (Xi'an) Hospital Management Co., Ltd. Upon completion of the transaction, Genertec Universal NORINCO (Xi'an) Hospital Management Co., Ltd. is the promoter of NORINCO Xi'an Hospital. The acquisition was completed on 31 May 2020 and accounted for using the acquisition method. The consolidated financial statements include the results of the acquired subsidiary since its acquisition date.

3. BUSINESS COMBINATIONS (CONTINUED)

	Fair value recognised on acquisition RMB'000 (Unaudited)
Assets	
Property, plant and equipment	51,112
Right-of-use assets	53,936
Cash and cash equivalents	41,961
Loans and accounts receivables	16,603
Prepayments, deposits and other receivables	15,790
Receivable of consideration to be paid as capital injection	131,976
Inventories	8,998
Other assets	546
	320,922
Liabilities	
Trade payables	32,624
Other payables and accruals	36,116
	68,740
Total identifiable net assets at fair value	252,182
Non-controlling interests	(120,206)
Purchase consideration transferred	131,976
Including:	
Consideration paid as additional capital injection to the subsidiaries after acquisition	76,288
Consideration unpaid as additional capital injection to the subsidiaries after acquisition	55,688
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiaries included in cash flows from investing activities	41,961
Net inflow of cash and cash equivalents included in cash flows from investing activities	41,961
Transaction costs of the acquisition included in cash flows from operating activities	969

3. BUSINESS COMBINATIONS (CONTINUED)

The Group incurred transaction costs of RMB969,000 for these acquisitions. These transaction costs have been expensed and are included in other expenses in the interim condensed consolidated statement of profit or loss.

The assessments of the fair values of the identifiable assets and liabilities are still ongoing and the information of the fair values of the identifiable assets and liabilities is provisional. The finalised information will be disclosed in the consolidated financial statements of the Group for the year ending 31 December 2020.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into two operating segments, namely the finance and advisory business and the hospital group business based on the internal organisational structure, management's requirement and the internal reporting system:

- The finance and advisory business comprises primarily (a) direct finance leasing; (b) sale-and-leaseback; (c) factoring; (d) operating leases; and (e) advisory services;

- The hospital group business comprises primarily (a) medical services; (b) hospital and healthcare management; and (c) import and export trade and domestic trade of medical-related goods.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

Segment revenue, results and assets mainly include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

As at and for the six months ended 30 June 2020

	Finance and advisory RMB'000 (Unaudited)	Hospital group RMB'000 (Unaudited)	Adjustments and eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue:				
Sales to external customers	2,480,455	1,543,700	–	4,024,155
Cost of sales	(958,975)	(1,398,174)	46,785	(2,310,364)
Other income and gains	31,877	57,158	(46,785)	42,250
Selling and distribution costs and administrative expenses	(303,836)	(133,157)	–	(436,993)
Impairment losses on financial assets, net	(105,633)	(13,292)	–	(118,925)
Share of loss of an associate	–	(178)	–	(178)
Share of profit of a joint venture	–	4,845	–	4,845
Other expenses	(59,543)	(3,063)	–	(62,606)
Finance costs	(2,830)	(11,161)	–	(13,991)
Profit before tax	1,081,515	46,678	–	1,128,193
Income tax expense	(263,609)	(3,606)	–	(267,215)
Profit after tax	817,906	43,072	–	860,978
Segment assets	53,771,095	8,123,918	(2,695,836)	59,199,177
Segment liabilities	45,718,584	2,180,386	(2,695,836)	45,203,134
Other segment information:				
Impairment losses recognised in the statement of profit or loss	105,633	13,292	–	118,925
Depreciation and amortisation	27,128	106,809	–	133,937
Investment in an associate	–	3,775	–	3,775
Investment in a joint venture	–	449,652	–	449,652
Capital expenditure	27,275	159,536	–	186,811

4. OPERATING SEGMENT INFORMATION (CONTINUED)

As at and for the six months ended 30 June 2019

	Finance and advisory RMB'000 (Unaudited)	Hospital group RMB'000 (Unaudited)	Adjustments and eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue:				
Sales to external customers	2,471,613	723,742	–	3,195,355
Cost of sales	(923,353)	(635,638)	8,625	(1,550,366)
Other income and gains	23,773	12,990	(8,625)	28,138
Selling and distribution costs and administrative expenses	(287,024)	(68,007)	–	(355,031)
Impairment losses on financial assets, net	(83,914)	(7,645)	–	(91,559)
Other expenses	(31,340)	(147)	–	(31,487)
Finance costs	(359)	(676)	–	(1,035)
Profit before tax	1,169,396	24,619	–	1,194,015
Income tax expense	(319,339)	(2,151)	–	(321,490)
Profit after tax	850,057	22,468	–	872,525
Segment assets	54,840,466	4,656,994	(1,919,660)	57,577,800
Segment liabilities	46,744,729	814,033	(1,919,660)	45,639,102
Other segment information:				
Impairment losses recognised in the statement of profit or loss	83,914	7,645	–	91,559
Depreciation and amortisation	12,144	39,797	–	51,941
Capital expenditure	2,983	65,629	–	68,612

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) ***Sales to external customers***

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	**4,022,047**	3,195,355
Hong Kong	**2,108**	–
	4,024,155	3,195,355

The revenue information is based on the locations of customers.

(b) ***Non-current assets***

All non-current assets of the operations, excludes financial instruments and deferred tax assets, are all located in Mainland China.

Information about a major customer

There was no single customer from which the revenue was derived contributed 10% or more to the total revenue of the Group during the period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Finance lease income	**1,069,625**	1,693,676
Long-term receivable income arising from sale-and-leaseback arrangements (Note i)	**988,864**	205,448
Revenue from contracts with customers	**1,971,242**	1,301,490
Revenue from other sources		
Operating lease income	**–**	4,438
Others	**8,831**	1,754
Tax and surcharges	**(14,407)**	(11,451)
	4,024,155	3,195,355

Note i: Upon the application of HKFRS 16 on 1 January 2019, part of the receivables arising from sale-and-leaseback transactions newly entered into on or after 1 January 2019 is classified as long-term receivables. Accordingly, the related income is the interest revenue calculated using the effective interest method.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2020

Segments	Finance and advisory RMB'000 (Unaudited)	Hospital group RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services			
Service fee income	433,795	7,127	440,922
Sale of industrial products	–	70,464	70,464
Healthcare service income	–	1,459,856	1,459,856
Total revenue from contracts with customers	433,795	1,537,447	1,971,242
Geographical markets			
Mainland China	433,795	1,535,339	1,969,134
Hong Kong	–	2,108	2,108
Total revenue from contracts with customers	433,795	1,537,447	1,971,242
Timing of revenue recognition			
Goods transferred at a point in time	–	70,464	70,464
Services transferred at a point in time	433,795	1,466,983	1,900,778
Total revenue from contracts with customers	433,795	1,537,447	1,971,242

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers (Continued)

For the six months ended 30 June 2019

Segments	Finance and advisory RMB'000 (Unaudited)	Hospital group RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services			
Service fee income	560,949	–	560,949
Sale of industrial products	17,717	56,359	74,076
Healthcare service income	–	666,465	666,465
Total revenue from contracts with customers	578,666	722,824	1,301,490
Geographical market			
Mainland China	578,666	722,824	1,301,490
Total revenue from contracts with customers	578,666	722,824	1,301,490
Timing of revenue recognition			
Goods transferred at a point in time	17,717	56,359	74,076
Services transferred at a point in time	560,949	666,465	1,227,414
Total revenue from contracts with customers	578,666	722,824	1,301,490

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the six months ended 30 June 2020

Segments	**Finance and advisory RMB'000 (Unaudited)**	**Hospital group RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Revenue from contracts with customers			
External customers	**433,795**	**1,537,447**	**1,971,242**
Intersegment sales	**–**	**–**	**–**
Intersegment adjustments and eliminations	**–**	**–**	**–**
Total revenue from contracts with customers	**433,795**	**1,537,447**	**1,971,242**

For the six months ended 30 June 2019

Segments	Finance and advisory RMB'000 (Unaudited)	Hospital group RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue from contracts with customers			
External customers	578,666	722,824	1,301,490
Intersegment sales	–	–	–
Intersegment adjustments and eliminations	–	–	–
Total revenue from contracts with customers	578,666	722,824	1,301,490

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income	**21,917**	10,406
Derivative instruments – transactions not qualifying as hedges		
– Unrealised fair value gains, net	**15,877**	7,347
– Realised fair value gains, net	**229**	–
Government grants (note 5a)	**2,047**	9,964
Others	**2,180**	421
	42,250	28,138

5a. Government grants

	2020	2019
	RMB'000	RMB'000
Government special subsidies	**2,047**	9,964

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of borrowings included in cost of sales	**912,190**	900,376
Cost of inventories sold	**49,088**	58,078
Cost of operating leases	**–**	4,633
Cost of medical services	**843,607**	586,997
Cost of others	**4,888**	282
Depreciation and amortisation	**133,937**	7,510
Loss on disposal of items of property, plant and equipment	**153**	121
Research and development expenses	**8,506**	–
Employee benefit expense (including directors' remuneration excluding R&D employees' benefit expense)		
– Equity-settled share-based compensation expense	**2,897**	–
– Wages and salaries	**547,850**	236,273
– Pension scheme contributions	**40,042**	20,185
– Other employee benefits	**87,447**	27,502
	678,236	283,960
Impairment of loans and accounts receivables and other receivables	**118,925**	91,559
Foreign exchange losses, net	**56,369**	26,798
– Cash flow hedges (transfer from equity to offset foreign exchange)	**(123,448)**	4,695
– Others	**179,817**	22,103
Derivative instruments – transactions not qualifying as hedges		
– Unrealised fair value gains, net (note 5)	**(15,877)**	(7,347)
– Realised fair value (gains)/losses, net (note 5)	**(229)**	3,450

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	**349,079**	362,912
(Overprovision)/Underprovision in prior years	**(11,357)**	2,159
Deferred tax	**(70,507)**	(43,581)
Total tax charge for the period	**267,215**	321,490

Hong Kong profits tax is provided at the rate of 16.5% (six months ended 30 June 2019: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

The income tax provision of the Group in respect of its operations in Mainland China has been calculated at the applicable tax rate of 0% to 25% (six months ended 30 June 2019: 0% to 25%) on the estimated assessable profits for the six months ended 30 June 2020 based on existing legislation, interpretations and practices in respect thereof.

The subsidiaries incorporated in the Cayman Islands are exempted from income tax in the Cayman Islands.

7. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of the tax charge applicable to profit before tax using the statutory/applicable rate for the jurisdiction in which the majority of its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	**1,128,193**	1,194,015
At PRC statutory income tax rate	**282,048**	298,504
Expenses not deductible for tax purposes	**4,638**	2,187
Income not subject to tax	**(11,739)**	(9,275)
Profits attributable to a joint venture and an associate	**(1,211)**	–
Adjustment on current income tax in respect of prior years	**(11,357)**	2,159
Unrecognised tax losses	**4,429**	14,807
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**14,452**	13,108
Additional deductible expense	**(14,045)**	–
Income tax expense as reported in the interim condensed consolidated statement of profit or loss	**267,215**	321,490

The share of tax attributable to an associate and a joint venture amounting to approximately nil (six months ended 30 June 2019: Nil) and RMB1,492,000 (six months ended 30 June 2019: Nil), respectively, is included in "Share of profit and loss of an associate" and "Share of profit and loss of a joint venture" in the consolidated statement of profit or loss.

8. DIVIDENDS

A final dividend of HK$0.29 per share totalling HK$497,728,000 (equivalent to RMB454,117,000) in respect of the year ended 31 December 2019 had been approved at the annual general meeting of the Company held on 9 June 2020 and was paid on 24 June 2020.

The board of directors resolved not to declare any interim dividend to shareholders in respect of the period for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

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

Basic earnings per share for the six months ended 30 June 2020 and 2019 are calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the respective periods.

The calculation of the diluted earnings per share amount is based on the consolidated net profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares: share options, and the number of shares is compared with the number of shares that would have been issued assuming the exercise of the share options.

The calculation of basic earnings per share is based on:

Earnings

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**793,402**	811,985

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (CONTINUED)

Shares

	Number of shares For the six months ended 30 June **2020** **(Unaudited)**	 2019 (Unaudited)
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**1,716,304,580**	1,716,304,580
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	–
Weighted average number of ordinary shares for diluted earnings per share	**1,717,828,136**	1,716,304,580

	For the six months ended 30 June **2020** **RMB'000** **(Unaudited)**	 2019 RMB'000 (Unaudited)
Basic and diluted earnings per share	**0.46**	0.47

For the six months ended 30 June 2020, the unvested share options under the Share Option Scheme had no dilutive effect on earnings per share. The Group had no other potentially dilutive ordinary shares in issue. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of approval of these financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment at a total cost of RMB160,347,000 (six months ended 30 June 2019: RMB920,081,000), including those through acquisition of subsidiaries.

Assets with a net book value of RMB267,000 were disposed of by the Group during the six months ended 30 June 2020 (30 June 2019: RMB126,000), resulting in a net loss on disposal of RMB91,000 (30 June 2019: RMB121,000).

11. FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Financial assets		
Debt instruments at amortised cost:		
Loans and accounts receivables	**50,551,943**	49,531,738
Financial assets included in prepayments, deposits and other receivables	**131,827**	249,983
Restricted deposits	**1,006,909**	541,009
Cash and cash equivalents	**2,833,422**	3,385,867
Financial assets at fair value through profit or loss:		
Derivative financial assets	**64,928**	69,652
Hedging instruments designated in cash flow hedges:		
Derivative financial instruments designated as cash flow hedging	**334,523**	150,613
Total	**54,923,552**	53,928,862
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables	**614,230**	1,289,436
Financial liabilities included in other payables and accruals	**3,864,770**	3,908,968
Interest-bearing bank and other borrowings	**39,032,040**	38,002,843
Financial liabilities at fair value through profit or loss:		
Derivative financial liabilities	**830**	2,869
Hedging instruments designated in cash flow hedges:		
Derivative financial instruments designated as cash flow hedging	**69,265**	62,680
Total	**43,581,135**	43,266,796

12. LOANS AND ACCOUNTS RECEIVABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Loans and accounts receivables due within one year	**18,423,507**	16,123,097
Loans and accounts receivables due after one year	**32,128,436**	33,408,641
	50,551,943	49,531,738

12a. Loans and accounts receivables by nature

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Gross lease receivables (note 12b)*	**28,737,834**	34,361,725
Less: Unearned finance income	**(3,458,481)**	(4,474,394)
Net lease receivables (note 12b)*/**	**25,279,353**	29,887,331
Long-term receivables arising from sale-and-leaseback arrangements (note 12c)*/**	**25,590,222**	19,898,308
Subtotal of interest-earning assets	**50,869,575**	49,785,639
Accounts receivables (note 12d)*	**721,003**	666,309
Bills receivables (note 12e)*	**500**	–
Subtotal of loans and accounts receivables	**51,591,078**	50,451,948
Less:		
Provision for accounts receivables (note 12d)	**(48,127)**	(34,835)
Provision for long-term receivables arising from sale-and-leaseback arrangements (note 12f)	**(270,012)**	(196,323)
Provision for lease receivables (note 12f)	**(720,996)**	(689,052)
Total	**50,551,943**	49,531,738

* These balances included balances with related parties which are disclosed in note 12h to the interim condensed consolidated financial information.

** These balances are included in the interest-earning assets as disclosed in note 12f.

12. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

12b. (1) An ageing analysis of lease receivables, determined based on the age of the receivables since the effective date of the relevant lease contracts, as at the end of the reporting period is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Gross lease receivables		
1 to 2 years	**7,704,971**	16,980,689
2 to 3 years	**11,509,689**	9,524,527
3 years and beyond	**9,523,174**	7,856,509
Total	**28,737,834**	34,361,725
Net lease receivables		
1 to 2 years	**6,563,802**	14,452,050
2 to 3 years	**10,191,119**	8,344,531
3 years and beyond	**8,524,432**	7,090,750
Total	**25,279,353**	29,887,331

12. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

12b. (2) The table below illustrates the gross and net amounts of lease receivables that the Group expects to receive in the following consecutive accounting years:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Gross lease receivables		
Due within 1 year	**13,333,959**	13,520,871
Due in 1 to 2 years	**8,563,322**	10,189,446
Due in 2 to 3 years	**5,143,379**	6,896,503
Due after 3 years and beyond	**1,697,174**	3,754,905
Total	**28,737,834**	34,361,725
Net lease receivables		
Due within 1 year	**11,511,749**	11,474,588
Due in 1 to 2 years	**7,448,126**	8,709,385
Due in 2 to 3 years	**4,722,452**	6,197,283
Due after 3 years and beyond	**1,597,026**	3,506,075
Total	**25,279,353**	29,887,331

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements of the Group that need to be recorded as at the end of the reporting period.

As at 30 June 2020, the amounts of the gross lease receivables and net lease receivables pledged as security for the Group's borrowings were RMB3,983,850,000 and RMB3,588,007,000 (As at 31 December 2019: RMB6,238,432,000 and RMB5,500,055,000).

12. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

12c. (1) An ageing analysis of long-term receivables arising from sale-and-leaseback arrangements, determined based on the age of the receivables since the effective dates of the relevant loan contracts, as at the end of the reporting period is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within 1 year	**17,326,785**	19,898,308
1 to 2 years	**8,263,437**	–
Total	**25,590,222**	19,898,308

12c. (2) The table below illustrates the amounts of long-term receivables arising from sale-and-leaseback arrangements that the Group expects to receive in the following consecutive accounting years:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Due within 1 year	**6,761,459**	4,404,034
Due in 1 to 2 years	**6,109,471**	4,386,836
Due in 2 to 3 years	**5,379,793**	4,166,812
Due after 3 years and beyond	**7,339,499**	6,940,626
Total	**25,590,222**	19,898,308

Upon the application of HKFRS 16 on 1 January 2019, part of the receivables arising from sale-and-leaseback transactions newly entered into on or after 1 January 2019 is classified as long term receivables arising from sale-and-leaseback arrangements within the scope of HKFRS 9. The measurement of sale-and-leaseback transactions entered into before 1 January 2019 remains unchanged.

As at 30 June 2020, the Group's long-term receivables arising from sale-and-leaseback arrangements pledged or charged as security for the Group's bank and other borrowings amounted to RMB2,108,779,000. (As at 31 December 2019: RMB1,508,560,000).

12. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

12d. (1) An ageing analysis of accounts receivables, determined based on the age of receivables since the recognition date, as at the end of the reporting period is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within 1 year	**696,497**	646,182
More than 1 year	**24,506**	20,127
Total	**721,003**	666,309

Accounts receivables arose from the sale of medical equipment and medicine, the provision of medical services and the provision of advisory services. Except for some specific contracts, the Group generally does not provide credit terms to customers.

12d. (2) Provision for accounts receivables

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
At beginning of period/year	**34,835**	378
Provision	**13,292**	34,457
At end of period/year	**48,127**	34,835

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns.

12. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

12d. (2) Provision for accounts receivables (Continued)

Set out below is the information about the credit risk exposure on the Group's accounts receivables using a provision matrix:

As at 30 June 2020 (Unaudited)	**Ageing**		
	Within 1 year	**Over 1 years**	**Total**
Gross carrying amount (RMB'000)	**696,497**	**24,506**	**721,003**
Expected credit loss (RMB'000)	**41,419**	**6,708**	**48,127**
Average expected credit loss rate	**6%**	**27%**	**7%**

As at 31 December 2019 (Audited)	Ageing		
	Within 1 year	Over 1 years	Total
Gross carrying amount (RMB'000)	646,182	20,127	666,309
Expected credit loss (RMB'000)	33,011	1,824	34,835
Average expected credit loss rate	5%	9%	5%

12e. An ageing analysis of bills receivables, determined based on the age of receivables since the recognition date, as at the end of the reporting period is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within 1 year	**500**	–
Total	**500**	–

12. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

12f. Analysis of interest-earning assets by assessments

As at 30 June 2020 (Unaudited)	Stage I (12-month ECL) RMB'000	Stage II (Lifetime ECL) RMB'000	Stage III (Lifetime ECL– impaired) RMB'000	Total RMB'000
Total interest-earning assets	**41,014,976**	**9,358,310**	**496,289**	**50,869,575**
Allowance for impairment losses	**(461,407)**	**(341,513)**	**(188,088)**	**(991,008)**
Interest-earning assets, net	**40,553,569**	**9,016,797**	**308,201**	**49,878,567**

As at 31 December 2019 (Audited)	Stage I (12-month ECL) RMB'000	Stage II (Lifetime ECL) RMB'000	Stage III (Lifetime ECL– impaired) RMB'000	Total RMB'000
Total interest-earning assets	40,200,852	9,138,659	446,128	49,785,639
Allowance for impairment losses	(403,611)	(303,539)	(178,225)	(885,375)
Interest-earning assets, net	39,797,241	8,835,120	267,903	48,900,264

12g. Change in provision for interest-earning assets

The Group has applied the general approach to providing for expected credited losses ("ECL") prescribed by HKFRS 9 from 1 January 2019, which permits the use of either a twelve-month basis or a lifetime basis to record expected credit losses based on an expected credit loss model for interest-earning assets.

The Group has conducted an assessment of ECL according to forward-looking information and used appropriate models and a large number of assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and the borrower's creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group has adopted judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards, such as the criteria for judging significant increases in credit risk, definition of credit-impaired financial assets, parameters for measuring ECL and forward-looking information.

12. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

12g. Change in provision for interest-earning assets (Continued)

In response to the covid-19 pandemic, the Group has rolled out certain relief measures on a commercial basis to customers impacted by the coronavirus to support their immediate cash flow and liquidity by offering principal moratorium or tenor extension. Because of the relief measure, the Group may not have the same level of credit risk information about repayment records as compared to what they had in the past. Therefore, the Group extended its effort done to obtain additional information for credit assessment, including those in covid-19 vulnerable sectors. The Group has paid special attention to the application of macroeconomic data and forward-looking information to ensure that the effect of covid-19 has been sufficiently reflected.

	Six months period ended 30 June 2020			
	Stage I (12-month ECL) RMB'000 (Unaudited)	**Stage II (Lifetime ECL) RMB'000 (Unaudited)**	**Stage III (Lifetime ECL– impaired) RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
At beginning of the period	**403,611**	**303,539**	**178,225**	**885,375**
Impairment losses for the period	**14,331**	**1,799**	**89,503**	**105,633**
Conversion to Stage I	**85,806**	**(85,806)**	**–**	**–**
Conversion to Stage II	**(42,341)**	**131,964**	**(89,623)**	**–**
Conversion to Stage III	**–**	**(9,983)**	**9,983**	**–**
At end of the period	**461,407**	**341,513**	**188,088**	**991,008**

	Year ended 31 December 2019			
	Stage I (12-month ECL) RMB'000 (Audited)	Stage II (Lifetime ECL) RMB'000 (Audited)	Stage III (Lifetime ECL– impaired) RMB'000 (Audited)	Total RMB'000 (Audited)
At beginning of the year	388,859	174,194	122,242	685,295
Impairment losses for the year	44,831	65,576	89,673	200,080
Conversion to Stage I	52,621	(52,621)	–	–
Conversion to Stage II	(82,700)	121,369	(38,669)	–
Conversion to Stage III	–	(4,979)	4,979	–
At end of the year	403,611	303,539	178,225	885,375

12. LOANS AND ACCOUNTS RECEIVABLES (CONTINUED)

12h. BALANCES WITH RELATED PARTIES

The balances of loans and accounts receivables of the Group including the balances with related parties are as follows:

Gross lease receivables:

	Note	**30 June 2020 RMB'000 (Unaudited)**	31 December 2019 RMB'000 (Audited)
Staff Hospital of Qiqihar No.2 Machine Tool (Group) Co., Ltd.	(i)	–	1,245

Net lease receivables:

	Note	**30 June 2020 RMB'000 (Unaudited)**	31 December 2019 RMB'000 (Audited)
Staff Hospital of Qiqihar No.2 Machine Tool (Group) Co., Ltd.	(i)	–	1,188

Accounts receivables:

	Note	**30 June 2020 RMB'000 (Unaudited)**	31 December 2019 RMB'000 (Audited)
China National Instruments Import & Export (Group) Corporation	(ii)	**1,805**	1,805

The above related parties are subsidiaries of China Genertec Technology (Group) Holding Limited ("Genertec Group").

Notes:

(i) As at 31 December 2019, the balances of the net lease receivables bore interest at an annual interest rate of 8.69%.

(ii) The balance with the related party is unsecured, interest-free and repayable on demand.

13. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Cash and bank balances	**3,592,831**	3,679,376
Time deposits	**247,500**	247,500
	3,840,331	3,926,876
Less:		
Pledged deposits	**(759,409)**	(293,509)
Time deposits with original maturity of more than three months	**(247,500)**	(247,500)
Cash and cash equivalents	**2,833,422**	3,385,867

As at 30 June 2020, the cash and bank balances of the Group denominated in RMB amounted to RMB2,598,689,000 (31 December 2019: RMB3,126,757,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at either fixed or floating rates based on daily bank deposit rates.

As at 30 June 2020, cash of RMB759,409,000 (31 December 2019: RMB293,509,000) was pledged for bank and other borrowings.

As at 30 June 2020, cash of RMB1,096,904,000 (31 December 2019: RMB997,959,000) was deposited with Genertec Finance Co., Ltd., which is a related party.

14. TRADE PAYABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade payables	**614,036**	1,289,265
Due to related parties (note 14a)	**194**	171
	614,230	1,289,436

The trade payables are non-interest-bearing and are repayable within one year or repayable based on the payment schedules agreed between the Group and the respective parties.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within 1 year	**584,380**	1,260,601
1 to 2 years	**9,892**	6,213
2 to 3 years	**6,431**	495
Over 3 years	**13,527**	22,127
	614,230	1,289,436

14a. Balances with related parties

Particulars of the amounts due to related parties are as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade payables:		
Genertec International Logistic Co., Ltd.	**109**	87
Genertec Italia s.r.l.	**85**	84
	194	171

The above related parties are subsidiaries of Genertec Group.

The balances with the related parties are unsecured, interest-free and repayable within one year or based on the payment schedules agreed between the Group and the respective parties.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Effective annual interest rate (%)	Maturity	RMB'000	Effective annual interest rate (%)	Maturity	RMB'000
Current:						
Bank loans – secured	4.05	2020	150,000	–	–	–
– unsecured	1.45~4.57	2020~2021	2,639,500	2.73~4.57	2020	2,578,394
Current portion of long-term bank loans:						
– secured	4.10~5.51	2020~2021	1,218,845	4.50~5.51	2020	880,540
– unsecured	1.79~5.00	2020~2021	5,276,629	2.00~5.94	2020	5,607,520
Lease liabilities						
– secured	3.85~5.04	2020~2021	861,862	4.75~5.04	2020	1,157,341
– unsecured	4.75~4.90	2020~2021	40,972	4.75~4.90	2020	43,313
Bonds payable						
– secured	–	–	–	5.50~6.43	2020	224,088
– unsecured	1.90~5.44	2020~2021	3,233,164	2.80~3.45	2020	4,000,000
Due to related parties						
– unsecured	4.35~4.75	2020~2021	1,247,779	4.75	2020	495,883
			14,668,751			14,987,079
Non-current:						
Bank loans – secured	4.10~5.51	2021~2025	1,738,122	4.50~5.51	2021~2024	1,393,421
– unsecured	1.60~4.99	2021~2023	8,637,786	2.00~5.94	2021~2022	7,619,195
Bonds payable						
– unsecured	3.13~6.50	2021~2025	11,912,619	3.13~6.50	2021~2024	10,585,552
Lease liabilities						
– secured	3.85~5.04	2021~2023	1,265,576	4.75~5.04	2021~2022	1,837,496
– unsecured	4.75~4.90	2021~2025	60,464	4.75~4.90	2021~2023	82,092
Due to related parties						
– unsecured	4.35~4.75	2021~2024	748,722	4.35~4.75	2021~2022	1,498,008
			24,363,289			23,015,764
			39,032,040			38,002,843

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year	**9,284,974**	9,066,454
In the second year	**7,104,819**	6,278,205
In the third to fifth years, inclusive	**3,271,089**	2,734,411
	19,660,882	18,079,070
Other borrowings repayable:		
Within one year	**5,383,777**	5,920,625
In the second year	**8,710,818**	8,997,272
In the third to fifth years, inclusive	**5,276,563**	5,005,876
	19,371,158	19,923,773
	39,032,040	38,002,843

Notes:

(a) As at 30 June 2020, the Group's bank and other borrowings secured by lease receivables and cash and bank balances were RMB5,234,405,000 (31 December 2019: RMB5,492,886,000).

(b) As at 30 June 2020, the principal amounts of the Group's borrowings from related parties were RMB1,000,000,000 from China General Technology (Group) Holding Co., Ltd. (PRC), RMB1,000,000,000 from Genertec HONGKONG International Capital Limited and RMB711,000 from Paryocean Properties Co., Ltd. (31 December 2019: RMB1,000,000,000 from China General Technology (Group) Holding Co., Ltd. (PRC), RMB1,000,000,000 from Genertec HONGKONG International Capital Limited and RMB1,313,000 from Paryocean Properties Co., Ltd.).

(c) As at 30 June 2020, China General Technology (Group) Holding Co., Ltd. (PRC) provided a comfort letter for bank borrowings in the amount of RMB10,825,238,000 (31 December 2019: RMB10,053,113,000).

16. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2020	31 December 2019	**30 June 2020 RMB'000**	31 December 2019 RMB'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Issued and fully paid ordinary shares	**1,716,304,580**	1,716,304,580	**4,327,842**	4,327,842

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
As at 1 January 2020 and 31 December 2019 (Audited)	1,716,304,580	4,327,842
As at 30 June 2020 (Unaudited)	1,716,304,580	4,327,842
As at 1 January 2019 and 31 December 2018 (Audited)	1,716,304,580	4,327,842
As at 31 December 2019 (Audited)	1,716,304,580	4,327,842

17. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior period are presented in the consolidated statement of changes in equity.

Capital reserve

The capital reserve represents the share-based compensation reserve which comprises the fair value of the shares awarded under the share transfer to the management of the Group recognised in accordance with the accounting policy adopted for equity compensation benefits.

Statutory reserve

Pursuant to the relevant laws and regulations and the articles of association of the subsidiaries of the Company in the PRC, if a subsidiary is registered as a Sino-foreign joint venture, it is required to, at the discretion of the board of directors, transfer a portion of its profit after taxation reported in its statutory financial statements prepared under the applicable PRC accounting standards to the statutory surplus reserve.

If a subsidiary is registered as a wholly-foreign invested enterprise or a domestic limited liability company, it is required to appropriate 10% of each year's statutory net profits to the statutory surplus reserve according to the PRC accounting standards and regulations (after offsetting previous years' losses) to the statutory surplus reserve. The PRC subsidiary may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. Upon contribution to the statutory surplus reserve using its post-tax profit, a company may make further contribution to the statutory surplus reserve using its post-tax profit in accordance with a resolution of the board of directors. The appropriation to statutory and discretionary surplus reserves must be made before distribution of dividends to owners. These reserves shall only be used to make up for previous years' losses, to expand production operations, or to increase the capital of the PRC subsidiary. The statutory reserve can be transferred to paid-in capital, provided that the balance of the statutory surplus reserve after this transfer is not less than 25% of its registered capital.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with a functional currency other than RMB.

Share-based compensation reserve

The share-based compensation reserve of the Group comprises the recognition of the equity-settled share-based payments under the Share Option Scheme which are yet to be exercised. The amount will either be transferred to the share capital account or shares held for the share award scheme when the related share options are exercised or awards are vested.

18. CONTINGENT LIABILITIES

At the end of the reporting period, there was no contingent liability that was not provided for the interim condensed consolidated financial information.

19. PLEDGE OF ASSETS

Details of the Group's bank and other borrowings, which are secured by the assets of the Group, are included in notes 12, 13 and 15 to the interim condensed consolidated financial information.

20. COMMITMENTS

The Group had the following capital commitments and credit commitments at the end of the reporting period:

(a) Capital commitments

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Contracted, but not provided for	**55,948**	41,158

In addition to the capital commitments listed above, the Group has agreed with certain parties related hospital investment and cooperation arrangements including:

i) The Group entered into a Cooperation Agreement with First Affiliated Hospital of Xi'an Jiaotong University (the "First Affiliated Hospital") on 30 August 2016, pursuant to which the Group has agreed to (i) establish a wholly-owned project company (the "Project Company") to construct Xi'an Jiaotong University International Land Port Hospital ("International Land Port Hospital") for First Affiliated Hospital (the "Project Construction"), provide a total amount of no more than RMB2 billion in cash to fund the project and manage and operate International Land Port Hospital in a manner as agreed by both parties after the completion of the Project Construction; and (ii) through the Project Company, make a capital contribution of RMB28,000,000 to establish a company with First Affiliated Hospital to provide services including procurement and logistics to International Land Port Hospital, First Affiliated Hospital and other third party hospitals.

   As of 30 June 2020, the Group had invested RMB84,437,000 to establish the project company, Xi'an Ronghui Hospital Construction Management Co., Ltd., and Xi'an Wanheng Medical Technology Development Co., Ltd. to provide services including procurement and logistics to International Land Port Hospital, First Affiliated Hospital and other third party hospitals. As of 30 June 2020, the Group had invested RMB12,768,000 to the project.

20. COMMITMENTS (CONTINUED)

(a) Capital commitments (Continued)

ii) On 9 August 2018, the Company entered into the Cooperation Agreement with the Health and Family Planning Commission of Handan and Handan First Hospital in connection with the joint establishment and operation of the new east district of Handan First Hospital, which will be a new branch of Handan First Hospital. Pursuant to the Cooperation Agreement, the Company has agreed to establish a wholly-owned project company to construct the new east district of Handan First Hospital, provide a total amount of no more than RMB2,000,000,000 in cash to fund the Project Construction, and participate in the management and operation of Handan First Hospital (including the new east district of Handan First Hospital) in a manner as agreed by all parties; and through the Project Company, make a capital contribution of no more than RMB28,000,000 to establish a joint venture with Handan First Hospital to provide medical supply procurement services to Handan First Hospital (including the new east district of Handan First Hospital).

As of 30 June 2020, the Group had invested RMB2,300,000 to establish the project company, Genertec Universal Medical Hospital Management Handan Co., Ltd.. As of 30 June 2020, the Group had invested RMB1201,000 to the project.

iii) On 31 January 2019, the Group and Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. entered into a cooperation agreement with Panzhihua Iron and Steel (Group) Company Limited and Panzhihua Pangang Group Mining Company Limited in connection with the formation of Sichuan Huankang Hospital Management Co., Ltd. Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. acquired a 53.3% equity interest in Sichuan Huankang Hospital Management Co., Ltd. with cash of RMB496,025,000. As of 30 June 2020, Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. invested RMB441,986,000.

(b) Credit commitments

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Credit commitments	**987,722**	1,411,699

Credit commitments represent undrawn finance lease facilities agreed with and granted to customers. They are conditionally revocable commitments.

21. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances in notes 12, 13, 14 and 15 to the interim condensed consolidated financial information, the Group had the following material transactions and balances with related parties during the reporting period.

(a) Transactions and balances with Genertec Group and companies under Genertec Group

Genertec Group was established in 1988 and is a wholly-state-owned company. Genertec Group's businesses principally cover five sectors, including equipment manufacturing, trade and engineering contracting, the pharmaceutical industry, technical services and consultancy services, as well as construction and real estate. Genertec Group is one of the major shareholders of the Company.

The companies under Genertec Group which had transactions and balances with the Group during the reporting period are subsidiaries of Genertec Group.

(i) Prepayments, deposits and other receivables

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Due from related parties		
Genertec Finance Co., Ltd.	**–**	429
General Technology Group Property Management Ltd.	**1,011**	1,011
Paryocean Properties Co., Ltd.	**329**	322
China National Corporation For Overseas Economic Cooperation	**112**	112
Sichuan Huankang Hospital Management Co., Ltd.	**84**	–
	1,536	1,874

The balances with the related parties are unsecured and interest-free and will be settled within one year.

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions and balances with Genertec Group and companies under Genertec Group (Continued)

(ii) Other payables and accruals

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Due to related parties		
Genertec Hong Kong International Capital Limited	**8,853**	17,956
China General Technology (Group) Holding Co., Ltd.	**31,188**	200,000
Sichuan Huankang Hospital Management Co., Ltd.	**399,322**	445,648
	439,363	663,604

The balances with the related parties are unsecured, interest-free and repayable within one year or repayable based on the payment schedules agreed between the Group and the respective parties.

(iii) Interest income from cash in a bank

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Genertec Finance Co., Ltd.	**4,440**	3,400

The interest was charged at rates ranging from 0.46% to 1.27% per annum.

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions and balances with Genertec Group and companies under Genertec Group (Continued)

(iv) Purchases of products and leased assets from related parties

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
GENERTEC AMERICA, INC	**390**	–
Genertec Italia Srl.	**11,833**	–
CHINA MEHECO MED-TECH SERVICE CO., LTD.	**55**	–
China MEHECO Co., Ltd	**563**	–
Genertec Europe Temax GmbH	**376**	–
China General Technology (Group) Holding Co., Ltd.	**357**	–
China National Instruments Import & Export (Group) Corporation	**2,445**	1,935

The purchases from the related parties were made on terms mutually agreed between the Group and the respective parties.

(v) Rental as a lessee

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(rental payment)	(rental payment)
	(Unaudited)	(Unaudited)
China National Corporation For Overseas Economic Cooperation	**400**	348
General Technology Group Property Management Ltd.	**6,744**	5,780
Paryocean Properties Co., Ltd.	**650**	626

The rental expenses paid to related parties are based on terms mutually agreed between the Group and the respective parties.

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions and balances with Genertec Group and companies under Genertec Group (Continued)

(vi) Interest expense

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Genertec Hong Kong International Capital Limited	**20,534**	–
China General Technology (Group) Holding Co., Ltd.	**23,538**	23,618
Genertec Finance Co., Ltd.	**943**	23,882
Sichuan Huankang Hospital Management Co., Ltd.	**6,113**	–

The interest expenses were charged at rates from ranging 4.35% to 4.75% per annum.

(vii) Finance lease income

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff Hospital of Qiqihar No.2 Machine Tool (Group) Co., Ltd.	**8**	88

The finance lease income was calculated at a rate of 8.69% per annum.

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions and balances with Genertec Group and companies under Genertec Group (Continued)

(viii) Liquidity support

A subsidiary of Genertec Group, China Xinxing Construction Engineering Co., Ltd., issued accounts receivables assets-backed securities to institutional investors through an asset management plan in January 2020. The asset-backed securities have a preference tranche with a principal amount of RMB495 million and one subordinated tranche. The preference tranche is estimated to mature on 14 December 2021. As of 30 June 2020, the principal amount of preference tranche was RMB486 million. China Universal Leasing Co., Ltd., a wholly-owned subsidiary of the Group, provided liquidity support to the preference tranche of asset-backed securities.

The related party transactions in respect of items (iii), (iv), (v) and (vii) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Significant transactions with other government-related entities

The largest shareholder of the Company is a state-owned enterprise. In accordance with HKAS 24 "Related Party Disclosures", government-related entities include entities that are directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government. On this basis, related parties include other government-related entities, in addition to Genertec Group and companies under Genertec Group.

During the reporting period, the Group's significant transactions with other government-related entities constituted a large portion of finance lease services and advisory services. In addition, substantially all restricted deposits, cash and cash equivalents and borrowings as at 30 June 2020 and 31 December 2019 and the relevant interest earned and paid during the six months ended 30 June 2020 and 2019 were transacted with banks and other financial institutions which are controlled by the PRC government.

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	**4,517**	3,840
Total compensation	**4,517**	3,840

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Financial instruments not measured at fair value

Financial assets and liabilities not presented at their fair value in the statement of financial position mainly represent cash and cash equivalents, restricted deposits, loans and accounts receivables, financial assets included in deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings.

Cash and cash equivalents, restricted deposits, accounts receivables, the current portion of financial assets included in deposits and other receivables, trade payables, short-term borrowings and the current portion of financial liabilities included in other payables and accruals

Substantially all of the financial assets and liabilities mature within one year from the end of each reporting period and their carrying values approximate to their fair values.

Lease receivables, long-term receivables and long-term interest-bearing bank and other borrowings excluding bonds issued

Substantially all of the lease receivables, long-term receivables and long-term interest-bearing bank and other borrowings, excluding bonds issued, bear interest on floating rate terms at prevailing market interest rates and their carrying values approximate to their fair values.

Bonds issued

The fair value of the bonds was calculated based on quoted market prices or a discounted cash flow model that is based on a current yield curve appropriate for the remaining term to maturity.

The table below summarises the carrying amounts and fair values of bonds issued which are included in interest-bearing bank and other borrowings not presented at fair values in the statement of financial position.

	Carrying amounts		Fair values	
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)	**30 June 2020 RMB'000 (Unaudited)**	31 December 2019 RMB'000 (Audited)
Bonds issued	**15,145,783**	14,809,640	**15,157,013**	14,863,388

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments not measured at fair value (Continued)

Non-current portion of financial assets included in deposits and other receivables, and the non-current portion of financial liabilities included in other payables and accruals

The fair values of assets in the non-current portion of financial assets included in deposits and other receivables, and the fair values of liabilities in the non-current portion of financial liabilities included in other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The difference between the carrying amounts and fair values of those financial assets and liabilities is not significant.

Financial instruments measured at fair value

Interest rate swap contracts

The Group enters into several derivative financial instrument contracts with two counterparties, which are interest rate swaps measured using valuation techniques similar to the present value calculations of the forward pricing and swap models, which incorporate various market observable inputs including the credit quality of the counterparty and yield curves.

Forward currency contracts

The Group enters into several derivative financial instrument contracts with six counterparties, which are foreign exchange rate swaps measured using valuation techniques similar to the present value calculations of the forward pricing and swap models, which incorporate various market observable inputs.

Non-deliverable currency options

The Group enters into several derivative financial instrument contracts with one counterparty, which are foreign exchange rate options measured using valuation techniques similar to the present value calculations of the forward pricing and swap models, which incorporate various market observable inputs.

Cross-currency interest rate swaps

The Group enters into several derivative financial instrument contracts with one counterparty, which are cross-currency interest rate swaps measured using valuation techniques similar to the present value calculations of the forward pricing and swap models, which incorporate various market observable inputs.

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

The fair value of the asset-backed securities is based on unobservable inputs which include the default rate, loss given default, and prepayment rate and yield of the securities' underlying assets. As at 30 June 2020, fair value changes resulting from changes in the unobservable inputs were not significant.

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Assets and liabilities measured at fair value:

As at 30 June 2020 (Unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Derivative financial assets				
– Forward currency contracts	**–**	**399,451**	**–**	**399,451**
	–	**399,451**	**–**	**399,451**
Derivative financial liabilities				
– Interest rate swap contracts	**–**	**65,371**	**–**	**65,371**
– Non-deliverable currency options	**–**	**775**	**–**	**775**
– Cross-currency interest rate swaps	**–**	**3,949**	**–**	**3,949**
	–	**70,095**	**–**	**70,095**

As at 31 December 2019 (Audited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Derivative financial assets				
– Forward currency contracts	–	212,471	–	212,471
– Interest rate swap contracts	–	133	–	133
– Cross-currency interest rate swaps	–	7,661	–	7,661
	–	220,265	–	220,265
Derivative financial liabilities				
– Forward currency contracts	–	22,739	–	22,739
– Interest rate swap contracts	–	41,591	–	41,591
– Non-deliverable currency options	–	1,219	–	1,219
	–	65,549	–	65,549

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 30 June 2020 (Unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Bonds issued	**15,157,013**	–	–	15,157,013

As at 31 December 2019 (Audited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Bonds issued	**14,677,264**	186,124	–	14,863,388

During the six months ended 30 June 2020, there were no transfers at fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 (year ended 31 December 2019: Nil).

23. EVENTS AFTER THE REPORTING PERIOD

As of 26 August 2020, there were no significant events after the reporting period.

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 26 August 2020.

通用環球醫療集團有限公司
GENERTEC UNIVERSAL MEDICAL GROUP COMPANY LIMITED