



PHOENIX
HEALTHCARE
GROUP
凤凰医疗集团

Phoenix Healthcare Group Co. Ltd

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1515



Interim Report
2016





Contents

Corporate Information	2
Management Discussion and Analysis	4
Corporate Governance Highlights	13
Other Information	15
Unaudited Consolidated Interim Financial Statements	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
Consolidated Statement of Financial Position	20
Consolidated Statement of Changes in Equity	22
Consolidated Statement of Cash Flows	23
Notes to the Unaudited Consolidated Interim Financial Statements	25
Definitions	43



Corporate Information

Directors

Executive Directors:

Ms. Xu Jie (*Chairman*)
 Mr. Liang Hongze (*Chief Executive Officer*)
 Mr. Zhang Xiaodan (*Executive General Manager*)
 Mr. Xu Zechang (*Vice General Manager*)
 Mr. Jiang Tianfan (*Chief Financial Officer*)
 Mr. Shan Baojie (*Deputy General Manager*)
(appointed with effect from February 1, 2016)
 Mr. Cheng Libing (*Vice Chairman of the Board*)
(appointed with effect from February 1, 2016)

Non-executive Directors:

Mr. Yang Huisheng (*resigned with effect from February 1, 2016*)
 Mr. Rui Wei (*resigned with effect from February 1, 2016*)

Independent Non-executive Directors:

Mr. Kwong Kwok Kong
 Ms. Cheng Hong
 Mr. Sun Jianhua
 Mr. Lee Kar Chung Felix

Audit Committee

Mr. Kwong Kwok Kong (*Chairman*)
 Ms. Cheng Hong
 Mr. Sun Jianhua

Remuneration Committee

Mr. Sun Jianhua (*Chairman*)
 Mr. Zhang Xiaodan
 Mr. Lee Kar Chung Felix

Nomination Committee

Ms. Cheng Hong (*Chairman*)
 Mr. Liang Hongze
 Mr. Lee Kar Chung Felix

Authorized Representatives

Mr. Jiang Tianfan
 Ms. Ngai Kit Fong

Company Secretary

Ms. Ngai Kit Fong
(appointed with effect from March 1, 2016)

Headquarters and Principal Place of Business in China

E-825, No. 6 Taiping Street
 Xicheng District
 Beijing 100050
 China

Principal Place of Business in Hong Kong

Level 54
 Hopewell Centre
 183 Queen's Road East
 Hong Kong

Registered Office

Harneys Services (Cayman) Limited
 4th Floor, Harbour Place
 103 South Church Street
 PO Box 10240, Grand Cayman
 KY1-1002, Cayman Islands

Principal Share Registrar and Transfer Office in Cayman Islands

Harneys Services (Cayman) Limited
 4th Floor, Harbour Place
 103 South Church Street
 PO Box 10240, Grand Cayman
 KY1-1002, Cayman Islands



Corporate Information (Continued)

Hong Kong Branch Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Auditors

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

Legal Advisers

As to Hong Kong law

Dentons Hong Kong
3201 Jardine House
1 Connaught Place
Central
Hong Kong

Principal Bankers

China Merchants Bank
2nd Floor, Tower A
156 Fuxingmennei Street
Xicheng District
Beijing, China

Industrial and Commercial Bank of China
55 Taoranting Road
Xicheng District
Beijing, China

Stock Code

1515

Company Website

www.phg.com.cn



Management Discussion and Analysis

Business Overview and Outlook

During the first half of 2016, the Group intensively explored opportunities for development under the macro environment of comprehensive and deepening reform of the PRC healthcare system, seized the opportunity of national reform and healthcare reform, proactively expanded the scale of medical institution network, while focusing on the Group's human resources development, medical practice technological level improvement and medical infrastructure construction in the medical institution network. The Group was able to continuously enhance the overall quality of healthcare services and operational efficiency with great success. During the Review Period, both the business and finance of the Group reaped rapid growth while in-network hospitals and clinics have received approximately 2.91 million patients during the period, representing an increase of 53.16% from the same period in 2015; the total revenue of the Group amounted to approximately RMB705 million, representing an increase of 17.1% from the same period in 2015; net profit amounted to approximately RMB135 million, representing an increase of 29.5% from the same period in 2015. The rapid development of the Group's current business established a solid foundation for the regional and national expansion of future healthcare services network.

In addition, in the first half of 2016, the Group signed the term sheets with two large scale state-owned healthcare groups, China Resources Healthcare Group Limited ("CR Healthcare") and CITIC Medical & Health Group Co., Ltd ("CITIC Medical"), respectively, to issue shares to acquire the core healthcare assets of the two healthcare groups, and to introduce the two healthcare groups as long-term strategic shareholders of the Group's listed company. Upon completion of the acquisition, it is expected that the Group will own a total of 106 medical institutions, which include 9 Grade III medical institutions, 12 Grade II medical institutions, 34 Grade I medical institutions, 51 community healthcare centres, and 3 elderly care institutions, becoming one of the largest healthcare services groups in Asia with approximately 12,600 hospital beds in total and over ten million annual patient visits.

The in-depth cooperation between the Group and the two healthcare groups, CR Healthcare and CITIC Medical, is a key milestone for the Group on the path of healthcare system reform, and a strategical transformation of the Group from a private institution to a public-private-partnership mixed-ownership institution, which brought broader development for the Group, and demonstrated the strong confidence of the cooperating parties towards the development prospects of the PRC healthcare services industry.

In the future, given that after the completion of the acquisition, the Group will fully integrate various resources of the strategic shareholders to create synergies between the healthcare industry resources of the state-owned strategic shareholders and the Group's valuable experience of reforming and operating hospitals, actively promote resources-sharing within the medical institution network, and fully enhance the operational management efficiency of the Group through scale economic benefit, with the aim to achieve strong alliance and complementary effects between the cooperating parties, and jointly promote the acceleration of the expansion of the Group's healthcare services network scale, thereby developing into a frontrunner with international influence in the PRC healthcare services industry.

Management Discussion and Analysis (Continued)

Financial Review

The Group recorded revenue of approximately RMB705 million during the Review Period, representing an increase of 17.1% from the same period in 2015. There was an increase of revenue contribution and level of gross profit margin from hospital management services segment, general hospital services segment and supply chain business segment. The Group's overall gross profit margin increased to 25.8% during the Review Period (six months ended June 30, 2015: 23.5%). The net profit attributable to shareholders increased to approximately RMB130 million during the Review Period, representing a significant increase of 28.2% from the same period in 2015.

Segment Revenue

We derive revenue from our in-network hospitals and clinics through three sources: (i) general hospital services provided at Jian Gong Hospital and Beijing Easylife, (ii) hospital management services where we manage and collect management fees from our IOT hospitals and clinics, and (iii) supply chain business where we primarily supply pharmaceuticals, medical devices and medical consumables, and ancillary services mainly to our in-network hospitals and clinics.

General hospital services

Revenue from our general hospital services segment is derived from Jian Gong Hospital and from premium healthcare services offered under Phoenix VIP services at Beijing Easylife. General hospital services revenue mainly consists of fees generated from the provision of outpatient and inpatient services, including fees for healthcare services, pharmaceuticals, medical devices and medical consumables. The following table sets out the revenue, cost of sales and services and gross profit contributed by our general hospital services segment during the periods indicated:

	Six months ended June 30,	
	2016 RMB'000	2015 RMB'000
Revenue	282,883	258,604
Cost of sales and services	(238,626)	(220,878)
Gross profit	44,257	37,726

Revenue from our general hospital services segment reached approximately RMB283 million during the Review Period, representing an increase of 9.4% from the same period in 2015 and accounted for 40.1% of our total revenue. The increase in revenue was primarily attributable to the growth of patient visits, particularly out-patient visits. Patient visits in Jian Gong Hospital was approximately 392,300 (six months ended June 30, 2015: approximately 361,900 visits), comprising approximately 386,300 outpatient visits (six months ended June 30, 2015: approximately 356,300 visits) and 6,000 inpatient visits (six months ended June 30, 2015: approximately 5,600 visits). During the Review Period, the average spending per outpatient visit increased to approximately RMB451 (six months ended June 30, 2015: approximately RMB440), while the average spending per inpatient visits slightly increased to approximately RMB17,905 (six months ended June 30, 2015: approximately RMB17,893).

The cost of sales and services of our general hospital services mainly represented costs of provision of healthcare services at Jian Gong Hospital, including costs of pharmaceuticals, medical devices and medical consumables, staff costs, and depreciation and amortization expenses.



Management Discussion and Analysis (Continued)

During the Review Period, the cost of sales and services of our general hospital services segment increased to approximately RMB239 million, representing an increase of 8.04% from the same period in 2015, but lower than the growth rate of revenue. As a result, the gross profit margin increased to 15.6% during the Review Period (six months ended June 30, 2015: 14.6%).

Hospital management services

During the Review Period, we managed and operated a total of 15 general hospitals, 1 traditional Chinese medicine hospital, 1 hospital for women and children and 39 community clinics under the IOT model. In return, we were entitled to receive management fees from each hospital or the hospital owners, primarily calculated with reference to percentage of revenue and/or net income before tax (收支結餘) generated by our IOT hospitals and clinics. Accordingly, the management fees we receive depended on the performance of such hospitals and clinics. For certain hospitals, our management fees were dependent on profitability and performance reviews.

Revenue from our hospital management services segment increased to RMB43.14 million during the Review Period, representing an increase of 47.7% from the same period in 2015, and accounted for 6.1% of our total revenue. The following table sets out the revenue, cost of sales and services and gross profit contributed by our hospital management services segment during the periods indicated:

	Six months ended June 30,	
	2016 RMB'000	2015 RMB'000
Revenue	43,142	29,219
Cost of sales and services	(9,428)	(7,940)
Gross profit	33,714	21,279

	Six months ended June 30,	
	2016 RMB'000	2015 RMB'000
Yan Hua Hospital Group	15,516	14,355
Jing Mei Hospital Group	18,770	13,212
Mentougou Hospital	4,103	—
Mentougou Traditional Chinese Medicine Hospital	1,514	1,652
Mentougou Hospital for Women and Children	660	—
Shunyi Hospital	2,579	—
Total	43,142	29,219

During the Review Period, the management fee from Yan Hua Hospital Group was approximately RMB15.52 million, increased by 8.1% from the same period in 2015. Yan Hua Hospital Group witnessed revenue growth as a result of increased patient visits as well as higher average spending per patient visit, which in turn increased the management fee for our Group.

Management Discussion and Analysis (Continued)

During the Review Period, the management fee from Jing Mei Hospital Group was RMB18.77 million, representing a substantial increase of 42.1% from the same period in 2015. Jing Mei Hospital Group's revenue increased as a result of increased patient visits and higher average spending per patient visit. Meanwhile, the increase of Jing Mei Hospital Group's cost of sales and services and operating expenses was less than its revenue growth, leading to a higher net income before tax and hence a significant increase in our management fees.

During the Review Period, the Group derived total management fees of approximately RMB6.28 million from three hospitals (Mentougou Hospital, Mentougou Traditional Chinese Medicine Hospital and Mentougou Hospital for Women and Children) of Mentougou Hospital Group, representing a substantial increase as compared with the same period in 2015. Revenue increased as a result of significant increases in patient visits and average spending per patient visit of these three hospitals, which in turn substantially increased the management fees for our Group.

On May 28, 2015, the Group obtained the operating right of Shunyi Hospital with a period of 20 years from 2016 to 2035, and received management fee starting from 2016. During the Review Period, a management fee of RMB2.58 million from Shunyi Hospital was recorded for the first time. Shunyi Hospital witnessed an increase in patient visits as well as higher average spending per visit over the same period.

The cost of sales and services of our hospital management services represented the amortization of intangible assets which were all or part of the investments we made pursuant to the IOT agreements.

During the Review Period, our hospital management services incurred cost of sales and services of approximately RMB9.43 million, representing an increase of 18.7% from the same period in 2015, due to the commencement of amortization of investment of RMB100 million in Shunyi Hospital in July 2015. Since the revenue growth outpaced the increase in cost of sales and services, the gross profit margin of our hospital management services segment increased to 78.2% during the Review Period (six months ended June 30, 2015: 72.8%).

Supply chain business

Our supply chain business segment revenue is primarily derived from sales of pharmaceuticals, medical devices and medical consumables, and ancillary services mainly to the IOT hospitals and clinics. The following table sets out the revenue, cost of sales and services and gross profit contributed by our supply chain business segment during the periods indicated:

	Six months ended June 30,	
	2016 RMB'000	2015 RMB'000
Revenue	469,818	401,056
Cost of sales and services	(365,715)	(318,507)
Gross profit	104,103	82,549



Management Discussion and Analysis (Continued)

Our supply chain business segment revenue grew to approximately RMB470 million during the Review Period, representing an increase of 17.1% from the same period in 2015, as a result of increased patient visits, expansion of our in-network hospitals and clinics, and our effort to further consolidate the procurement need of our in-network hospitals and clinics. Segment revenue from sales to Jian Gong Hospital amounted to approximately RMB90.64 million was recorded as inter-segment revenue and eliminated from the total revenue. After such inter-segment elimination, our supply chain business segment accounted for 53.8% of our total revenue during the Review Period. The total number of patient visits at our in-network hospitals and clinics continuously increased to approximately 2.4 million visits during the Review Period (excluding those patients received by Baoding No. 1 Central Hospital and Baoding Third Center Hospital, and including those by Shunyi Hospital, which only became a IOT hospital of the Group in the second half of 2015) (six months ended June 30, 2015: approximately 1.9 million visits excluding those by Shunyi Hospital, approximately 2.1 million visits including those by Shunyi Hospital).

The cost of sales and services of our supply chain business segment represented the procurement costs of pharmaceuticals, medical devices and medical consumables for resale to our in-network hospitals and clinics. During the Review Period, our supply chain business segment incurred cost of sales and services of RMB366 million, representing an increase of 14.8% from the same period in 2015. During the Review Period, the gross profit margin of our supply chain business segment increased to 22.2% (six months ended June 30, 2015: 20.6%). Pursuant to the supply agreement entered into with Hong Hui, we provide Hong Hui with the consolidated pharmaceutical orders of Jian Gong Hospital, Yan Hua Hospital Group and Jing Mei Hospital Group, except for certain Excluded Pharmaceuticals. In consideration for granting Hong Hui the priority to supply pharmaceuticals to the above three hospitals, Hong Hui agreed to provide us with a minimum economic benefit ("MEB") and pay us the difference if the gross profit we generate from resale of pharmaceuticals is less than the MEB.

During the Review Period, Jian Gong Hospital, Yan Hua Hospital Group and Jing Mei Hospital Group purchased a total of RMB493 million of pharmaceuticals, excluding the purchases of Excluded Pharmaceuticals. We were entitled to approximately RMB69 million MEB pursuant to our supply agreement with Hong Hui, of which RMB23.5 million was recorded as fee income. Our gross profit margin of supply chain business segment would have been 17.1% during the Review Period (six months ended June 30, 2015: 16.1%) if we (a) reflected in the revenue of our supply chain business the purchases of pharmaceuticals by such three hospitals from Hong Hui and other suppliers arranged by Hong Hui; and (b) recorded in the gross profit of supply chain business the total fee income payment pursuant to the supply agreement with Hong Hui.

Gross Profit

During the Review Period, our overall gross profit reached approximately RMB182 million, increased by 28.6% from the same period in 2015 as a result of improved revenue contribution and gross profit margin from each segment.

Other Income

Other income increased to approximately RMB42.91 million during the Review Period, representing a decrease of 13.4% from the same period in 2015, mainly due to the decreased interest and investment income from short-term investments in financial products operated by banks.

Other Gains and Losses

During the Review Period, there were other gains and losses of approximately RMB1.98 million, mainly as a result of loss from changes in fair value of mutual funds.



Management Discussion and Analysis (Continued)



Selling and Distribution Expenses

During the Review Period, as we continued to pursue development in the supply chain business segment, our selling and distribution expenses grew to approximately RMB10.38 million, representing an increase of 26.2% from the same period in 2015, primarily due to higher staff costs as a result of the increase in the number of employees.

Administrative Expenses

During the Review Period, we incurred administrative expenses of RMB53.58 million, representing an increase of 24.4% from the same period in 2015, primarily attributable to (i) higher staff costs as a result of the increase in the number of administrative staff and higher requirements of social welfare contribution; (ii) share-based payments of approximately RMB11.65 million.

Finance Costs

We did not incur any finance costs during the Review Period.

Other Expenses

During the Review Period, other expenses, mainly included medical disputes expenditure, amounted to approximately RMB1.13 million, representing an increase of 389.2% from the same period in 2015.

Income Tax Expense

During the Review Period, the income tax charge was approximately RMB19.54 million, representing a decrease of 42.3% from the same period in 2015. Although profit before tax increased to approximately RMB154 million during the Review Period (six months ended June 30, 2015: RMB138 million), income tax charge decreased as dividend income from mutual funds was exempted from the corporate income tax according to the PRC corporate income tax law.

Net Profit

During the Review Period, profit attributable to Shareholders amounted to approximately RMB130 million, increased by 28.2% from the same period in 2015. Such increase was principally attributable to gross profit improvement in each business segment.

Liquidity and Capital Resources

As at June 30, 2016, the Group's cash and cash equivalents amounted to approximately RMB528.3 million (December 31, 2015: RMB821.8 million) and did not have any interest-bearing liabilities (December 31, 2015: nil).



Management Discussion and Analysis (Continued)

Significant Investments, Acquisitions and Disposals

As at June 30, 2016, the balance of the Group's short-term investments was approximately RMB198 million (December 31, 2015 : RMB75 million), mainly comprised short term financial products operated by the banks. At the same time, the Group had certificate of deposits of RMB74.5 million (December 31, 2015: RMB117 million).

After the trading hours on April 8, 2016, the Company, Pinyu (which is an indirect wholly-owned subsidiary of the Company) and CR Healthcare entered into a binding term sheet, pursuant to which the Company has conditionally agreed to acquire via Pinyu, and CR Healthcare has conditionally agreed to sell, the entire equity interest in Ample Mighty Limited, through which the Company will acquire the assets and equity interests of and/or the right to operate the medical institutions. Upon and prior to the completion of the acquisition, such medical institutions will be owned by or under the operation of Ample Mighty Limited. The consideration for the acquisition was HK\$3,721,824,669, which will be satisfied by the issue of 462,913,516 consideration shares at the issue price of HK\$8.04 per consideration share to CR Healthcare (or its nominee) upon the completion. Upon the completion, the consideration shares shall represent not less than 35.7% of the issued share capital of the Company as enlarged by the issue of the consideration shares and CR Healthcare will become a controlling shareholder of the Company. Please refer to the announcement of the Company dated April 8, 2016 for details.

The Company, Pinyu (which is an indirect wholly-owned subsidiary of the Company) and CITIC Medical entered into the term sheet on April 29, 2016, pursuant to which the Company has conditionally agreed to acquire via Pinyu, and CITIC Medical has conditionally agreed to sell the controlling stakes in two subsidiaries of CITIC Medical, which are the sponsors and operators of the Grade III hospitals (the "Subject Interests") in consideration for the issue by the Company of the consideration shares to CITIC Medical. The consideration for the acquisition should be no less than HK\$1,240,424,776, which may be adjusted in accordance with the valuation of the Subject Interests. The consideration will be satisfied by the issue of at least 130,571,029 consideration shares at the issue price of HK\$9.50 per consideration share to CITIC Medical upon the completion and the number of the consideration share may be adjusted in accordance with the valuation of the Subject Interests as well. Please refer to the announcement of the Company dated May 3, 2016 for details.

As at June 30, 2016, the aforesaid acquisitions have not been completed.

Indebtedness

Borrowings

As at June 30, 2016, the Group did not have any interest-bearing liabilities (December 31, 2015: nil).

Contingent Liabilities

As at June 30, 2016, the Group did not have any contingent liabilities or guarantees that would have a material impact on the financial position or operations of the Group.

Exchange Rate Risk

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

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

Management Discussion and Analysis (Continued)



Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to receivables from IOT hospitals and clinics and cash flow interest risk in relation to variable-rate bank balances, which carry interests at prevailing market interest rates.

The Group currently does not have a specific policy to manage our interest rate risk and has not entered into interest rate swaps to hedge the exposure, but will closely monitor the interest rate risk exposure in the future.

Pledge of Assets

The Group entered into the Syndicated Loan Agreement on February 4, 2015, under which the Syndicated Loan will be guaranteed by the existing offshore subsidiaries and future offshore subsidiaries of the Company over the following in favor of the security agent on behalf of the lenders.

- i. charge over 100% of the shares of the existing offshore subsidiaries and future offshore subsidiaries of the Company;
- ii. pledge over 100% of equity interests of Beijing Phoenix, and future onshore subsidiaries and onshore joint ventures of the Company;
- iii. assignment of any intra-group shareholder loans from the loan proceeds under the Syndicated Loan Agreement;
- iv. fixed and floating charge or mortgage over all assets of the existing offshore subsidiaries and future offshore subsidiaries of the Company; and
- v. charge over the related debt service reserve account.

As the Syndicated Loan Agreement has been terminated on January 22, 2016, the procedures for discharging the above charges and pledges were completed in June 2016.

Contractual Obligations

As at June 30, 2016, the Group did not have any significant contractual obligations that would have a material impact on the financial position or operations of the Group.

Gearing Ratio

As at June 30, 2016, on the basis of total interest-bearing liabilities divided by total assets, the Group's gearing ratio was nil (December 31, 2015: nil).



Management Discussion and Analysis (Continued)

Employee and Remuneration Policy

As at June 30, 2016, the Group had a total of 909 full time employees (December 31, 2015: 895 employees). During the Review Period, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately RMB95.9 million (six months ended June 30, 2015: RMB79.0 million).

The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, prevailing remuneration benchmarks in the industry, and market conditions within the general framework of the Group's remuneration system.

The remuneration of the Directors are reviewed by the remuneration committee of the Board and approved by the Board, according to the relevant Director's experience, responsibility, workload and the time devoted to the Group, the Company's operating results and comparable market statistics.

The Group has adopted the Share Option Scheme to provide an incentive or reward to eligible participants for their contribution or potential contribution to the Company and/or any of its subsidiaries.

For the first half of 2016, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Share Option Scheme.

The Company has also adopted the Share Award Scheme as a mean to recognise the contribution of and provide incentives for the key management personnel including Directors and senior management, employed experts and core employees of the Group. The Share Award Scheme shall be valid and effective for a period of ten years commencing from July 7, 2014 on which the Board adopted the Share Award Scheme (the "Adoption Date") and is administrated by the Board and the trustee of the Share Award Scheme.

As of June 30, 2016, an aggregate of 11,075,200 Award Shares were granted pursuant to the Share Award Scheme subject to certain vesting criteria and conditions, among which, including awards of 1,260,000 Award Shares (with 210,000 Award Shares each) were made to six Directors, namely Liang Hongze, Zhang Xiaodan, Xu Zechang, Jiang Tianfan, Cheng Libing and Shan Baojie. As of June 30, 2016, 3,054,000 Award Shares granted pursuant to the Share Award Scheme remained unvested.

Interim Dividend

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2016 (six months ended June 30, 2015: nil).

Corporate Governance Highlights



Compliance with the Corporate Governance Code

The Company is committed to maintaining high standards of corporate governance and transparency. The Company confirms that it has complied with all material code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “CG Code”) during the Review Period, save for the deviations as mentioned below.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

For the period from January 1, 2016 to April 24, 2016, Mr. Liang Hongze was both the Chairman and the Chief Executive Officer. The Board believes that vesting the roles of both the Chairman and Chief Executive Officer in an experienced and qualified person such as Mr. Liang Hongze provides the Company with strong and consistent leadership while allowing for effective and efficient planning and implementation of business decisions and strategies during such period.

On April 25, 2016, Mr. Liang resigned as the Chairman and remained as an executive Director. Ms. Xu Jie, an executive Director, has been appointed as the Chairman with effect from April 25, 2016. Since then, the roles of the chairman of the Board and the Chief Executive Officer have been separated and performed by different individuals, and therefore, the Company has complied with the code provision A.2.1 of the CG Code.

According to code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the view of Shareholders. Sun Jianhua, Cheng Hong and Lee Kar Chung Felix were unable to attend the annual general meeting of the Company held on June 8, 2016 due to other business commitments.

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

The Board

The Board currently comprises eleven Directors, including seven executive Directors, namely Xu Jie, Liang Hongze, Zhang Xiaodan, Xu Zechang, Jiang Tianfan, Shan Baojie and Cheng Libing; and four independent non-executive Directors with at least one independent non-executive Directors possessing appropriate professional qualifications, or accounting or related financial management expertise, namely Kwong Kwok Kong, Cheng Hong, Sun Jianhua and Lee Kar Chung Felix.

Notes:

(1) Shan Baojie and Cheng Libing have been appointed as executive Directors with effect from February 1, 2016.

(2) Yang Huisheng and Rui Wei have resigned as non-executive Directors with effect from February 1, 2016.

The Corporate Information on pages 2 to 3 of this interim report includes changes up to the date of this interim report.



Corporate Governance Highlights (Continued)

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Having made specific enquiry with all Directors, the Company confirmed that all Directors complied with the Model Code throughout the Review Period. Senior management, executives and officers who, because of their offices in the Company, are likely to possess inside information of the Company, have also been requested to comply with the provision of the Model Code and the Company confirmed that there was no incident of non-compliance of the Model Code by such employees throughout the Review Period.

Review of Interim Results

The Audit Committee, comprising three independent non-executive Directors, namely Kwong Kwok Kong (chairman of the Audit Committee), Cheng Hong and Sun Jianhua, has reviewed the unaudited consolidated interim results of the Group for the Review Period and considered that they were prepared in compliance with the relevant accounting standards, the Listing Rules and the applicable legal requirements, and that the Company has made appropriate disclosure thereof.

The unaudited consolidated interim results of the Group for the Review Period have not been reviewed by the external auditors of the Company.

Risk Management and Internal Control

The risk management and internal control systems have been designed to protect the assets of the Group, to ensure the proper maintenance of accounting records, and to ensure the compliance with the relevant laws and regulations.

The Board has overall responsibility for maintaining a sound and effective risk management and internal control systems throughout the Group which includes a clearly defined management structure with limits of authority, and is designed to ensure the proper application of accounting standards, the provision of reliable financial information for internal use and publication, and to secure compliance with the relevant laws and regulations. Such systems are developed to provide reasonable, but not absolute assurance against material misstatement or omission and to manage, but not fully eliminate, the risks of operational systems failure and the risks of the Group’s failure in meeting the standards. The Board will review the risk management and internal control systems on an on-going basis.

During the six months ended June 30, 2016, the Board has performed a review on the efficiency of the Group’s risk management and internal control systems on different aspects of the Group such as financial, operation, compliance and risk management, and has also assessed the accounting and financial reporting functions of the Group, estimated the resources and budgets for training programmes and reviewed the qualifications and experience of the staff members.

The Board considers that the current risk management and internal control systems cover the existing businesses of the Group, and will continue to be optimized in line with the business development of the Group.

In particular, the Board will devote efforts in complying with the Listing Rules, ensuring compliance with the relevant laws and regulation and safeguarding the interests of the Shareholders as a whole.

Other Information



Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As of June 30, 2016, the interests/short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules were as follows:

Long positions in shares of the Company

Name of Directors and Chief Executives	Capacity	Number of shares held	Approximate percentage of shareholding %
Xu Jie	Beneficial Owner	13,868,000	1.66
Liang Hongze	Interest in Controlled Corporation and Beneficial Owner	26,860,912 ¹	3.22
Zhang Xiaodan	Beneficial Owner	2,651,729	0.32
Xu Zechang	Beneficial Owner	2,948,593	0.35
Jiang Tianfan	Interest in Controlled Corporation and Beneficial Owner	10,551,648 ²	1.27
Shan Baojie	Beneficial Owner	148,629	0.02
Cheng Libing	Beneficial Owner	928,629	0.11

Notes:

1. These interests represented:

- (a) 26,705,912 Shares held by Xin Yue Development Limited, which is wholly owned by Liang Hongze; and
- (b) 155,000 Shares held by Liang Hongze.

2. These interests represented:

- (a) 10,401,648 Shares held by True Glory Global Limited, which is wholly owned by Jiang Tianfan; and
- (b) 150,000 Shares held by Jiang Tianfan.



Other Information (Continued)

Save as disclosed above, as at June 30, 2016, so far as it is known to the Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests/short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

The maximum number of shares available for issue under the Share Option Scheme is 83,376,300, being 10% of the issued shares of the Company as at the date of this interim report.

During the Review Period, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Share Option Scheme.

Share Award Scheme

The Company adopted the Share Award Scheme as a mean to recognize the contribution of and to provide incentives for the key management personnel including Directors and senior management, employed experts and core employees of the Group. The Share Award Scheme shall be valid and effective for a period of 10 years commencing from July 7, 2014 on which the Board adopted the Share Award Scheme (the "Adoption Date") and is managed by the Board and the trustee of the Share Award Scheme.

In order to provide more flexibility in the management and operation of the Share Award Scheme, the Board resolved on May 25, 2015 to make amendments to the terms of the Share Award Scheme and the Scheme Rules, having retrospective effect from the Adoption Date, to the effect that the Board may, from time to time, in its absolute discretion, determine if the Award Shares shall be granted to a Selected Participant with or without payment of a price per Award Share payable by the Selected Participant (the "Grant Price"), which shall be notified by the Board to each Selected Participant. In determining whether the Selected Participant shall pay a Grant Price for the Award Shares and the amount of the Grant Price, as the case may be, the Board shall take into consideration matters, including, but without limitation, the Selected Participant's position, experience, years of service, performance and contribution to the Company, its subsidiaries and/or associated entities.

The Board will implement the Scheme in accordance with the Share Award Scheme Rules including but not limited to providing necessary funds to the trustee for purchase of no more than 5% of the total number of issued Shares of the Company as at the Adoption Date with each Selected Participants receiving no more than 1% of the total number of issued Shares as at the Adoption Date. The Company should comply with the relevant Listing Rules when granting Award Shares. If the Award Shares are to be granted to the Directors, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company should comply with the relevant requirements of the Listing Rules.

As of June 30, 2016, an aggregate of 11,075,200 Award Shares were granted pursuant to the Share Award Scheme subject to certain vesting criteria and conditions, including awards of 1,260,000 Award Shares (with 210,000 Award Shares each) made to six Directors, namely Liang Hongze, Zhang Xiaodan, Xu Zechang, Jiang Tianfan, Cheng Libing and Shan Baojie. As of June 30, 2016, 3,054,000 Award Shares granted pursuant to the Share Award Scheme remained unvested.

Other Information (Continued)

Interests of Substantial Shareholders and Other Persons in Shares and Underlying Shares

As at June 30, 2016, the following persons (other than the Directors and chief executives of the Company) had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued Shares of the Company.

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of shareholding %
Speed Key Limited	Beneficial Owner	181,401,360(L) ¹	21.76
Xu Baorui	Interest in Controlled Corporation	181,401,360(L) ¹	21.76
JPMorgan Chase & Co.	Interest in Controlled Corporation	50,131,065(L) ² 1,147,780(S) 1,933,000(P)	6.01 0.13 0.23
Jiang Jinzhi	Interest in Controlled Corporation	58,350,000 ³	6.99
Tang Hua	Interest in Controlled Corporation	58,350,000 ³	6.99
China Resources National Corporation	Interest in Controlled Corporation	462,913,516(L) ⁴	55.52

L: long position

S: short position

P: lending pool

Notes:

- These Shares were held by Speed Key Limited which was wholly owned by Mr. Xu Baorui, father of Ms. Xu Jie, an executive Director and the Chairman.
- The entire issued share capital of each of JPMorgan Asset Management (Taiwan) Limited, JF Asset Management Limited and JF International Management Inc. is held by JPMorgan Asset Management (Asia) Inc., which is in turn wholly owned by JPMorgan Asset Management Holdings Inc.

The entire issued share capital of J.P. Morgan Clearing Corp is held by J.P. Morgan Securities LLC, which is in turn wholly owned by J.P. Morgan Broker-Dealer Holdings Inc. The entire issued share capital of J.P. Morgan Broker-Dealer Holdings Inc is held by JPMorgan Chase & Co. 0.59% of the issued share capital of J.P. Morgan Securities plc is owned by J.P. Morgan Capital Financing Limited, which is in turn wholly owned by JPMorgan Chase & Co. 99.41% of the issued share capital of J.P. Morgan Securities plc is owned by J.P. Morgan Chase International Holdings, which is in turn wholly owned by J.P. Morgan Chase (UK) Holdings Limited. The entire issued share capital of J.P. Morgan Chase (UK) Holdings Limited is held by J.P. Morgan Capital Holdings Limited, which is in turn 72.73% owned by J.P. Morgan International Finance Limited and 27.27% owned by J.P. Morgan Overseas Capital Corporation.

The entire issued share capital of J.P. Morgan Whitefriars Inc. is held by J.P. Morgan Overseas Capital Corporation, which is in turn wholly owned by J.P. Morgan International Finance Limited.

The entire issued share capital of J.P. Morgan International Finance Limited is held by Bank One International Holdings Corporation, which is in turn wholly owned by J.P. Morgan International Inc.. The entire issued share capital of J.P. Morgan International Inc. is held by JPMorgan Chase Bank, N.A., which is in turn wholly owned by JPMorgan Chase & Co..

The entire issued share capital of each of JPMorgan Asset Management Holdings Inc, J.P. Morgan Broker-Dealer Holdings Inc, J.P. Morgan Capital Financing Limited and JPMorgan Chase Bank, N.A. is held by JPMorgan Chase & Co..



Other Information (Continued)

3. These Shares represented:

- (a) Greenwood China Healthcare Master Fund, Greenwoods China Alpha Master Fund, Greenwood Asset Management Limited and Golden China Master Fund held 5,800,000 Shares, 7,500,000 Shares, 2,600,000 Shares and 15,000,000 Shares respectively, and together held an aggregate of 30,900,000 Shares.

The entire issued share capital of each of Greenwood China Healthcare Master Fund and Greenwoods China Alpha Master Fund is held by Greenwoods Asset Management Limited, which is in turn wholly owned by Greenwoods Asset Management Holdings Limited. Unique Element Corp. which is wholly owned by Jiang Jinzhi, holds 81% of the issued share capital of Greenwoods Asset Management Holdings Limited.

The entire issued share capital of Golden China Master Fund is wholly owned by Jiang Jinzhi.

Jiang Jinzhi is the husband of Tang Hua and is deemed to be interested in the 27,450,000 Shares held by Green Talent Investments Limited, a company controlled by Tang Hua.

- (b) 27,450,000 Shares were held by Green Talent Investments Limited, which is owned as to 6.32%, 46.84% and 46.84% by Greenwoods Bloom Ltd., Greenwoods Bloom Fund, L.P. and Greenwoods Bloom Fund II, L.P. respectively.

2% of the equity interests in each of Greenwoods Bloom Fund, L.P. and Greenwoods Bloom Fund II, L.P. is held by Greenwoods Bloom Ltd. and Greenwoods Bloom II Ltd. respectively, which are both in turn wholly owned by Tang Hua.

Tang Hua is the wife of Jiang Jinzhi and is deemed to be interested in the 30,900,000 Shares beneficially owned by Jiang Jinzhi.

4. As disclosed in the announcements of the Company dated April 8, and May 3, 2016 (the China Resources Healthcare Group Limited Acquisition Announcements) in relation to the CR Acquisition (as defined in the Company's announcement dated May 3, 2016), 462,913,516 Shares are to be issued as CR Consideration Shares (as defined in the Company's announcement dated May 3, 2016) for the CR Acquisition. Please refer to the China Resources Healthcare Group Limited Acquisition Announcements for details. As of the date of this interim report, the CR Acquisition has not yet completed and none of the CR Consideration Shares has been issued.

The entire issued share capital of China Resources Healthcare Group Limited is held by CRH (Healthcare) Limited, which is in turn wholly owned by China Resources (Holdings) Company Limited.

The entire issued share capital of China Resources (Holdings) Company Limited is held by CRC Bluesky Limited, which is in turn wholly owned by China Resources Co., Limited.

The entire issued share capital of China Resources Co., Limited is held by China Resources National Corporation.

Other than as disclosed above, as at June 30, 2016, the Directors have not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Review Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

Sufficiency of the Public Float

Based on the information publicly available and to the best knowledge, information and belief of the Directors, the Directors confirm that the Company had maintained a sufficient public float as required under the Listing Rules throughout the six months ended June 30, 2016.

On behalf of the Board

Xu Jie

Chairman

Hong Kong, August 25, 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended June 30,	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	5	705,200	602,265
Cost of sales and services		(523,126)	(460,711)
Gross profit		182,074	141,554
Other income	6	42,912	49,576
Other gains and losses		(1,984)	(1,571)
Selling and distribution expenses		(10,376)	(8,222)
Administrative expenses		(53,575)	(43,050)
Other expenses		(1,130)	(231)
Share of loss of an associate		(8)	—
Share of loss of a joint venture		(3,451)	—
Profit before tax		154,462	138,056
Income tax expense	9	(19,537)	(33,838)
Profit and total comprehensive income for the period	10	134,925	104,218
Profit and total comprehensive income for the period attributable to:			
Equity holders of the Company		130,312	101,626
Non-controlling interests		4,613	2,592
		134,925	104,218
Earnings per share			
— basic (RMB yuan per share)	11	0.16	0.12
— diluted (RMB yuan per share)	11	0.16	N/A



Consolidated Statement of Financial Position

	Notes	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	13	144,410	145,223
Intangible assets	14	395,141	404,569
Receivables from invest-operate-transfer ("IOT") hospitals		107,073	103,059
Lease prepayments for land use right		145,407	147,095
Interest in an associate		158,170	154,995
Interest in a joint venture		—	—
Loan to a joint venture	23	17,587	6,361
Deferred tax assets	15	9,963	300
		977,751	961,602
Current assets			
Inventories	16	44,467	42,322
Trade receivables	17	144,081	137,620
Prepayments and other receivables		241,768	42,887
Amounts due from a related party	23	70,654	57,500
Short-term investments	18	197,560	74,990
Certificate of deposit	19	74,463	116,684
Cash and cash equivalents	19	528,292	821,864
		1,301,285	1,293,867
Current liabilities			
Trade payables	20	197,306	209,543
Other payables		49,108	59,567
Tax payables		18,755	36,880
Dividends payable		—	83,823
		265,169	389,813
Net current assets		1,036,116	904,054
Total assets less current liabilities		2,013,867	1,865,656
Non-current liabilities			
Retirement benefit obligations		1,705	2,924
		1,705	2,924
Net assets		2,012,162	1,862,732

Consolidated Statement of Financial Position (Continued)

	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Capital and reserves		
Capital	166	166
Share premium	1,383,447	1,382,736
Reserves	508,478	364,976
Equity attributable to equity holders of the Company	1,892,091	1,747,878
Non-controlling interests	120,071	114,854
Total equity	2,012,162	1,862,732



Consolidated Statement of Changes in Equity

Attributable to equity holders of the Company

	Capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Treasury share reserve RMB'000	Share- based payment reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Attributable to non- controlling interests RMB'000	Total RMB'000
Balance at January 1, 2016 (audited)	166	1,382,736	(337,904)	42,182	(140,728)	29,962	6,759	764,705	1,747,878	114,854	1,862,732
Profit and total comprehensive income for the period	—	—	—	—	—	—	2,859	130,312	133,171	4,613	137,784
Purchase of shares under Share Award Scheme	—	—	—	—	—	—	—	—	—	—	—
Shares vested under the Share Award Scheme	—	—	(6,880)	0	39,511	(32,169)	—	—	462	—	462
Recognition of equity-settled share based payment	—	—	—	—	—	9,869	—	—	9,869	604	10,473
Dividends recognised as distribution	—	711	—	—	—	—	—	—	711	—	711
Balance at June 30, 2016 (unaudited)	166	1,383,447	(344,784)	42,182	(101,217)	7,662	9,618	895,017	1,892,091	120,071	2,012,162
Balance at January 1, 2015 (audited)	166	1,497,815	(335,027)	26,564	(175,684)	—	—	613,278	1,627,112	108,132	1,735,244
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	101,626	101,626	2,592	104,218
Purchase of shares under Share Award Scheme	—	—	—	—	(23,892)	—	—	—	(23,892)	—	(23,892)
Shares vested under the Share Award Scheme	—	—	—	—	36,868	—	—	—	36,868	—	36,868
Recognition of equity-settled share based payments	—	—	—	—	—	2,681	—	—	2,681	—	2,681
Dividends recognised as distribution	—	(32,904)	—	—	—	—	—	—	(32,904)	—	(32,904)
Balance at June 30, 2015 (unaudited)	166	1,464,911	(335,027)	26,564	(162,708)	2,681	—	714,904	1,711,491	110,724	1,822,215

Consolidated Statement of Cash Flows

	six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Profit before tax	154,462	138,056
Adjustments for:	23,796	(316)
Share of loss of an associate	8	—
Share of loss of a joint venture	3,451	—
Depreciation of property, plant and equipment	13,814	11,391
Amortisation of lease prepayments for land use right	1,688	1,688
Amortisation of intangible assets	9,428	7,940
Interest and investment income	(18,226)	(25,398)
Expense recognised on equity-settled share based payments	11,649	2,681
Loss (gain) on disposal of property, plant and equipment, net	131	3
Fair value changes of mutual funds	2,057	—
Foreign exchange loss	(204)	1,379
Operating cash flows before movements in working capital	178,258	137,740
Movements in working capital		
Increase in inventories	(661)	(5,630)
Decrease (increase) in trade receivables	(6,461)	22,748
Increase in prepayments and other receivables	(2,188)	(11,592)
Decrease (increase) in amount due from a related party	(14,147)	9,630
Decrease in trade payables	(12,238)	(10,001)
Decrease in other payables	(6,071)	(2,251)
Cash generated from operations	136,492	140,644
Income taxes paid	(47,325)	(49,342)
Net cash generated from operating activities	89,167	91,302
Cash flows from investing activities		
Investment income received from financial products	11,824	21,117
Purchase of financial products	(2,097,541)	(2,590,221)
Proceeds from disposal of financial products	1,929,971	2,314,421
Purchase of certificate of deposit	(451,808)	(300,043)
Proceeds from certificate of deposit	494,029	601,521
Purchases of property, plant and equipment	(18,318)	(20,253)
Repayment from IOT Hospitals	2,388	2,388
Proceeds from disposal of property, plant and equipment	273	3
Purchase of mutual funds	(290,000)	—
Proceeds from mutual funds	133,864	—
Acquisition of investment in an associate	—	(7,116)
Loan to a joint venture	(15,000)	—
Net cash generated from investing activities	(300,318)	21,817



Consolidated Statement of Cash Flows (Continued)

	six months ended June 30,	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Cash flows from financing activities		
Transaction cost paid for syndicated loan	—	(26,742)
Payment for repurchase of ordinary shares	—	(23,892)
Dividends paid to owners of the Company	(81,862)	(32,904)
Proceeds from grant of Award Shares under Share Award Scheme	463	36,868
Net cash used in financing activities	(81,399)	(46,670)
Net increase in cash and cash equivalents	(292,550)	66,449
Cash and cash equivalents at the beginning of the year	821,864	611,536
Effect of foreign exchange rate changes	(1,022)	(1,379)
Cash and cash equivalents at the end of the year	528,292	676,606
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	528,292	676,606

The notes on pages 25 to 42 form an integral part of these interim consolidated financial statements.



Notes to the Unaudited Consolidated Interim Financial Statements



1. General Information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on February 28, 2013. Its shares have been listed on the Main Board of the Stock Exchange from November 29, 2013. The registered office of the Company is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands, and its principal place of business is located at Beijing, the PRC. The Company is an investment holding company.

The Group is mainly engaged in the provision of general hospital services, provision of hospital management services, and supply chain business in Beijing, the PRC.

This unaudited consolidated interim financial statements are presented in RMB, which is the same as the functional currency of the Group.

These consolidated interim financial statements are unaudited and were approved by the Board on August 25, 2016.

2. Basis of Preparation

These consolidated interim financial statements for the six months ended June 30, 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable disclosure requirements of the Listing Rules. The consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRSs.

The accounting policies used in preparation of these consolidated interim financial statements are consistent with those adopted by the Group's consolidated annual financial statements for the year ended December 31, 2015, except for adoption of the new and revised IFRSs which are effective for the first time for the current interim accounting period.

The Group meets its day-to-day working capital requirements through its bank facilities. After making enquires, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated interim financial statements.



Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

3. Financial Instruments and Financial Risk Management

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk, such as currency risk and interest rate, credit risk and liquidity risk.

The consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2015.

There have been no changes in the risk management objectives and policies since the year end.

4. Application of New Interpretations and Amendments to IFRSs

In the current interim period, the Group has also applied, for the first time, certain amendments to International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board ("IASB") that are mandatorily effective in the current interim period.

The application of the above new interpretations and amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these consolidated interim financial statements and/or disclosure set out in these consolidated interim financial statements.

5. Revenue

Revenue represents income from general hospital services, hospital management services, and sales of pharmaceuticals, medical devices and medical consumables, and ancillary services under the supply chain business.

An analysis of the Group's revenue for the current interim period is as follows:

	Six months ended June 30,	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
General hospital services	282,883	258,604
Hospital management services	43,142	29,219
Supply chain business	379,175	314,442
	705,200	602,265

Notes to the Unaudited Consolidated Interim Financial Statements (Continued)



6. Other Income

	Six months ended June 30,	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Fee income from suppliers (Note)	23,524	22,536
Interest and investment income on:		
bank deposits and certificates of deposits	1,895	1,992
financial products	10,347	19,317
receivables from IOT Hospitals	6,402	4,281
Others	744	1,450
	42,912	49,576

Note: On January 10, 2012, the Group entered into a one-year supply agreement with its supplier, Hong Hui Pharmaceutical Co., Ltd. (紅惠醫藥有限公司) ("Hong Hui"), for the supply of pharmaceuticals to Jian Gong Hospital, Yan Hua Hospital and Jing Mei Hospital. The agreement was renewed annually from then on. Under the supply agreement, Hong Hui arranged itself or other suppliers to supply pharmaceuticals to Jian Gong Hospital, Yan Hua Hospital and Jing Mei Hospital through the supply chain subsidiaries of the Group or directly to these three hospitals. In consideration of granting to Hong Hui the priority to supply pharmaceuticals to these three hospitals, Hong Hui agrees to pay the Group an amount calculated based on a percentage of the total pharmaceutical purchases made by Jian Gong Hospital, Yan Hua Hospital and Jing Mei Hospital (the "Minimum Economic Benefit"). The fee income represents the difference between the amount of the Minimum Economic Benefit and the gross profit generated by the Group from the sale of pharmaceuticals to the three hospitals. The fee income was received/receivable from Hong Hui or from other suppliers as arranged by Hong Hui.

7. Segment Information

The Board of Directors is identified as the chief operating decision maker (the "CODM") of the Group for the purposes of resources allocation and performance assessment. The CODM reviews operating results and financial information on a company by company basis. This is also the basis upon which the Group is organized. Accordingly, each company is identified as an operating segment. When the group companies are operating in similar business model with similar target group of customers, and under the same regulatory environment, the Group's operating segments are aggregated and the Group's operating and reportable segments for segment reporting purpose are as follows:

(i) General hospital services

Revenue from this segment is derived from hospital services provided at Jian Gong Hospital and from premium healthcare services provided to high-end patients at Beijing EasyLife.

(ii) Hospital management services

The Group provides comprehensive management services to hospitals under IOT agreements and receives from each IOT hospital an annual fee.

(iii) Supply chain business

The Group derives revenue from sales of pharmaceuticals, medical devices and medical consumables, and ancillary services to Jian Gong Hospital, the IOT hospitals and clinics and external customers.



Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

7. Segment Information (Continued)

Segment information about the Group's reportable segment is presented below.

Segment revenue, results, assets and liabilities

	General hospital services RMB'000	Hospital management services RMB'000	Supply chain business RMB'000	Total RMB'000
For the six months ended June 30, 2016 (Unaudited)				
External revenues	282,883	43,142	379,175	705,200
Inter-segment revenue	—	—	90,643	90,643
Segment revenue	282,883	43,142	469,818	795,843
Eliminations				(90,643)
Consolidated revenue				705,200
Segment results	19,956	27,688	115,843	163,487
Share of loss of an associate				(8)
Share of loss of a joint venture				(3,451)
Unallocated interest revenue				1,480
Unallocated foreign exchange gain				204
Other unallocated expense				(7,250)
Profit before tax				154,462
As at June 30, 2016 (Unaudited)				
Segment assets	688,516	1,115,884	362,629	2,167,029
Unallocated bank balances and certificate of deposit				120,908
Other unallocated assets				179,507
Elimination of inter-segment receivables				(188,408)
Consolidated assets				2,279,036
Segment liabilities	85,871	144,013	223,427	453,311
Other unallocated liabilities				1,971
Elimination of inter-segment payables				(188,408)
Consolidated liabilities				266,874

Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

7. Segment Information (Continued)

Segment revenue, results, assets and liabilities (Continued)

	General hospital services RMB'000	Hospital management services RMB'000	Supply chain business RMB'000	Total RMB'000
Other segment information				
<i>Amounts included in the measure of segment results or segment assets:</i>				
Addition to non-current assets (Note)	9,978	2,216	1,241	13,435
Depreciation and amortization	13,526	11,099	305	24,930
Loss on disposal of property, plant and equipment, net	3	0	128	131
Interest and investment income	(2,201)	(13,629)	(1,334)	(17,164)
<i>Amounts regularly provided to the CODM but not included in the measure of segment results or segment assets:</i>				
Interest in an associate	N/A	N/A	N/A	158,170
Interest in a joint venture	N/A	N/A	N/A	—
Loan to a joint venture	N/A	N/A	N/A	17,587
Share of loss of an associate	N/A	N/A	N/A	8
Share of loss of a joint venture	N/A	N/A	N/A	3,451
Foreign exchange gain	N/A	N/A	N/A	(204)
Income tax expense	(2,994)	(6,168)	28,699	19,537

Note: Non-current assets include property, plant and equipment as well as intangible assets.



Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

7. Segment Information (Continued)

Segment revenue, results, assets and liabilities (Continued)

	General hospital services RMB'000	Hospital management services RMB'000	Supply chain business RMB'000	Total RMB'000
For the six months ended June 30, 2015 (Unaudited)				
External revenues	258,604	29,219	314,442	602,265
Inter-segment revenue	—	—	86,614	86,614
Segment revenue	258,604	29,219	401,056	688,879
Eliminations				(86,614)
Consolidated revenue				602,265
Segment results	18,140	33,407	94,659	146,206
Unallocated foreign exchange loss				(1,527)
Other unallocated income and expense				(6,623)
Profit before tax				138,056
As at June 30, 2015 (Unaudited)				
Segment assets	625,921	1,202,049	316,245	2,144,215
Unallocated bank balances and certificate of deposit				86,264
Other unallocated assets				341,300
Elimination of inter-segment receivables				(519,139)
Consolidated assets				2,052,640
Segment liabilities	69,258	471,450	193,354	734,062
Other unallocated liabilities				15,502
Elimination of inter-segment payables				(519,139)
Consolidated liabilities				230,425

Notes to the Unaudited Consolidated Interim Financial Statements (Continued)



7. Segment Information (Continued)

Segment revenue, results, assets and liabilities (Continued)

	General hospital services RMB'000	Hospital management services RMB'000	Supply chain business RMB'000	Total RMB'000
Other segment information				
<i>Amounts included in the measure of segment results or segment assets:</i>				
Addition to non-current assets (Note)	6,787	2,514	31	9,332
Depreciation and amortization	12,408	8,322	289	21,019
Loss on disposal of property, plant and equipment, net	3	—	—	3
Interest and investment income	(2,503)	(19,865)	(1,399)	(23,767)
<i>Amounts regularly provided to the CODM but not included in the measure of segment results:</i>				
Foreign exchange loss	N/A	N/A	N/A	1,527
Income tax expense	4,535	5,607	23,696	33,838

Note: Non-current assets consist of property, plant and equipment, and intangible assets.



Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

7. Segment Information (Continued)

Segment revenue, results, assets and liabilities (Continued)

Segment revenue reported above represents revenue generated from both external and inter-segment customers. During the year, the inter-segment transactions are charged at regulated price for the sales of pharmaceutical, medical devices and consumables.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2. Segment results represent the profit before tax earned by each segment, without allocation of certain finance cost, foreign exchange loss and corporate expenses not directly related to the respective segment, which represents the internally generated financial information regularly reviewed by the CODM. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to operating segments other than assets of the Company and overseas subsidiaries and all liabilities are allocated to operating segments other than liabilities of the Company and overseas subsidiaries.

Income tax expenses have been allocated among the segments as additional information regularly provided to the management but not included in the measure of segment result while the relevant tax payables have been allocated into the segment liabilities.

Geographical information

No geographical information is presented as all of the Group's revenue is derived from businesses in the PRC, and the Group's operations and non-current assets are located in the PRC, except for interest in an associate with carrying amount of RMB158,170 thousand which principal place of business is in Hong Kong.

Information about major customers

Revenue from the customers, including revenue from hospital management services and supply chain business, contributing over 10% of the total revenue of the Group during the current interim period is as follows:

	Six months ended June 30,	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Yan Hua Hospital	150,594	127,224
Jing Mei Hospital	155,554	129,225
Mentougou Hospital	79,144	57,676

Notes to the Unaudited Consolidated Interim Financial Statements (Continued)



8. IOT Arrangements

The IOT Agreements entered into between the Group and the respective contributors of the IOT hospitals as described in the Group's annual report for the year ended December 31, 2015 remain unchanged.

- (i) The amount of management fee received/receivable by the Group and revenue derived from supply chain business to the IOT Hospitals during this interim period are as follows:

For the six months ended June 30, 2016 (Unaudited)

	Hospital management services RMB'000	Supply chain business RMB'000	Total RMB'000
Yan Hua Hospital	15,516	135,078	150,594
Jing Mei Hospital	18,770	136,784	155,554
Mentougou Hospital	4,103	75,041	79,144
Mentougou Traditional Chinese Medicine Hospital	1,514	28,284	29,798
Mentougou Hospital for Women and Children	660	2,176	2,836
Shunyi Hospital	2,579	—	2,579
	43,142	377,363	420,505

For the six months ended June 30, 2015 (Unaudited)

	Hospital management services RMB'000	Supply chain business RMB'000	Total RMB'000
Yan Hua Hospital	14,355	112,869	127,224
Mentougou Hospital	—	57,676	57,676
Jing Mei Hospital	13,212	116,013	129,225
Mentougou Traditional Chinese Medicine Hospital	1,652	25,514	27,166
Mentougou Hospital for Women and Children	—	401	401
	29,219	312,473	341,692



Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

8. IOT Arrangements (Continued)

- (ii) The amount of trade receivables with the IOT Hospitals and receivables from IOT Hospitals at the end of the current interim period are as follows:

	As at	
	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Trade receivables:		
Yan Hua Hospital	70,654	57,500
Mentougou Hospital	31,984	33,280
Jing Mei Hospital	80,837	67,225
Mentougou Traditional Chinese Medicine Hospital	12,762	20,721
Mentougou Hospital for Women and Children	2,169	1,070
Shunyi Hospital	2,755	
	201,161	179,796

	As at	
	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Receivables from the IOT Hospitals:		
Shunyi Hospital	42,006	39,817
Yan Hua Hospital	34,133	32,353
Mentougou Hospital	28,784	27,284
Mentougou Traditional Chinese Medicine Hospital	9,316	10,205
Mentougou Hospital for Women and Children	6,175	6,741
	120,414	116,400
Less: current portion included in prepayments and other receivables	(13,341)	(13,341)
Non-current portion	107,073	103,059

Notes to the Unaudited Consolidated Interim Financial Statements (Continued)



9. Income Tax Expense

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax. The PRC enterprise income tax has been provided at the rate of approximately 25% which is the prevailing rate of the enterprise income tax in the PRC during the current interim period.

	Six months ended June 30,	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Current tax:		
PRC enterprise income tax ("EIT")	29,200	32,842
Deferred tax	(9,663)	996
Total income tax recognised in profit or loss	19,537	33,838

10. Profit for the Period

The Group's profit for the current interim period has been arrived at after charging:

	Six months ended June 30,	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	13,814	11,391
Amortisation of lease prepayments for land use right	1,688	1,688
Amortisation of intangible assets (Included in cost of sales and services)	9,428	7,940
Total depreciation and amortization	24,930	21,019
Cost of inventories recognised as expense	444,554	387,816
Operating lease rentals in respect of rented premises	1,864	1,938
Directors' emoluments	5,370	3,822
Other staff cost		
Salaries and other allowances	72,264	68,009
Retirement benefit contributions	6,670	5,310
Share-based payments	11,649	2,249
Total staff costs	95,953	79,390



Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

11. Earnings Per Share

The calculation of the basic earnings per share attributable to the equity holders of the Group is based on the following data:

	Six months ended June 30,	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Earnings		
Profit for the purpose of basic and diluted earnings per share for the year attributable to equity holders of the Company	130,312	101,626
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	822,680	817,569
Effect of dilutive potential ordinary shares:		
Non-vested shares under Share Award Scheme (in thousands)	1,623	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	824,303	N/A

The weighted average number of shares used for the purpose of calculating the basic earnings per share for the half year ended June 30, 2016 has been arrived at after adjusting the effect of shares repurchased and held by the Company's share award scheme.

12. Dividends

On December 17, 2015, the Company declared a special dividend of HK\$0.12 per share amounting to an aggregate of approximately HK\$100,051,560 (equivalent to approximately RMB82,573,000) to Shareholders whose names appear on the register of members of the Company at the close of business on January 8, 2016. The special dividend was paid on January 8, 2016. The Trust held the dividends of the treasury share of approximately RMB711,000.

The Board of Directors do not recommend the payment of an interim dividend for the six months ended June 30, 2016 (the year ended December 31, 2015 and for the six months ended June 30, 2015: nil).

Notes to the Unaudited Consolidated Interim Financial Statements (Continued)



13. Property, Plant and Equipment

During the current interim period, the Group completed approximately RMB13,435,000 (six months ended June 30, 2015: RMB9,625,000) mainly on additions to replace and upgrade its medical equipment and renovate certain section of Jian Gong Hospital for better serving the patients. In the same period, the Group had disposals of approximately RMB876,000 (six months ended June 30, 2015: RMB293,000) mainly due to scheduled replacements.

14. Intangible Assets

	As at	
	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Cost:		
At beginning of the year	470,630	408,702
Additions:		
Fair value adjustments (Note)	—	61,928
At the end of the year	470,630	470,630
Accumulated amortization:		
At the beginning of the year	(66,061)	(48,672)
Amortisation for the year	(9,428)	(17,389)
At the end of the year	(75,489)	(66,061)
Carrying amount at the end of the year	395,141	404,569

Note: Since the commitments to provide Repayable Investment Amounts are part of the respective IOT arrangements which the Group have been granted the operating rights of the IOT Hospitals in return, the fair value adjustments are accounted for as part of the IOT operating rights to the extent the additional investments relate to upgrading the relevant IOT Hospitals, rather than restoring to a specified level of serviceability and subject to amortisation charges (included in cost of sales and services in the consolidated statements of profit or loss and other comprehensive income) over the operating period of the respective IOT arrangements.



Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

15. Deferred Tax Assets

The movement of the Group's deferred tax assets during the current interim period is as follows:

	Accrued expenses RMB'000	Total RMB'000
At January 1, 2015 (Audited)	1,346	1,346
Credit to profit or loss	(1,046)	(1,046)
At December 31, 2015 (Audited)	300	300
Charge to profit or loss	9,663	9,663
At June 30, 2016 (Unaudited)	9,963	9,963

16. Inventories

	As at	
	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Pharmaceuticals	32,767	32,962
Medical devices and medical consumables	11,700	9,360
	44,467	42,322

Notes to the Unaudited Consolidated Interim Financial Statements (Continued)



17. Trade Receivables

The following is an aged analysis of trade receivables presented based on the revenue recognition date.

	As at	
	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Within 60 days	103,811	118,555
61 to 180 days	32,178	6,396
181 days to 365 days	8,092	12,669
	144,081	137,620

Trade receivables disclosed above include amounts which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

18. Short-term Investments

The short-term investments of the Group mainly represent the financial products operated by various banks with expected annual returns of such investments ranging from 2.7% to 4.5% and are designated as at fair value through profit or loss. The short-term investments as at June 30, 2016 will expire by September 2016 (December 31, 2015: January 2016).

Since there were no significant changes in the counterparties' credit risk and therefore there were no significant gains or losses attributed to changes in credit risk for these financial assets designated at fair value through profit or loss during the current interim period.



Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

19. Certificate of Deposit and Cash and Cash Equivalents

	As at	
	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Bank balance and cash (classified as cash and cash equivalents)	528,292	821,864
Certificate of deposit	74,463	116,684
	602,755	938,548
Cash and cash equivalents and certificate of deposit denominated in:		
– RMB	556,496	847,643
– USD	35,911	3,396
– HKD	10,348	87,509
	602,755	938,548

As at June 30, 2016, the Group had the certificate of deposit of RMB74,463,000 (December 31, 2015: RMB116,684,000) with interest rate ranging from 0.5% to 1.6% per annum, which will mature in July 2016.

20. Trade Payables

Trade payables are non-interest bearing and are normally granted on a credit term of 0 to 90 days. An aged analysis of the Group's trade payables, as at the end of the current interim period, based on the date of delivering of goods, is as follows:

	As at	
	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Within 60 days	141,767	189,768
61 to 180 days	53,743	18,221
>181 days	1,796	1,554
	197,306	209,543

Notes to the Unaudited Consolidated Interim Financial Statements (Continued)



21. Capital Commitments

The following is the details of capital expenditure contracted for but not provided in these interim consolidated financial statements.

	As at	
	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Commitment for acquisition of property, plant and equipment	16,821	10,626
Other commitments		
Investment amounts repayable by IOT hospitals under the IOT agreements	570,000	570,000
Loans to a joint venture	25,750	40,750

22. Contingent Liabilities

The Group is involved as defendants in certain medical disputes arising from its normal business operations. Management of the Group believes, based on legal advice, that the final result of these lawsuits will not have a material impact on the financial position or operations of the Group and accordingly, no provision is made in this regard.

23. Related Party Transactions

(a) Names and relationships

Names and relationships with related parties are as follows:

Name	Relationship
Yan Hua Hospital	Entity controlled by a close family member of the ultimate beneficial shareholder with significant influence over the Company
UMP Healthcare Holdings	Associate
UMP Phoenix	Joint venture company

(b) Related party balances

At June 30, 2016, other than the transactions with Yan Hua Hospital and receivables from Yan Hua Hospital under IOT arrangements, the Group had the following balances with related parties:

Amounts due from a related party

Trade in nature	As at	
	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Yan Hua Hospital	70,654	57,500



Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

23. Related Party Transactions (Continued)

(b) Related party balances (Continued)

Amounts due from a related party (Continued)

The following is an aged analysis of amount due from a related party which is trade in nature based on the invoice date:

	As at	
	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Within 60 days	54,835	38,579
61 to 180 days	15,819	18,921
	70,654	57,500

As at June 30, 2016, the Group did not have amount due from a related party which was past due.

	As at	
	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Non-trade in nature		
UMP Phoenix	17,587	6,361

Given that (i) the annual caps in relation to the Yan Hua IOT Agreement have expired on December 31, 2015; and (ii) the Original PMM Sales Framework Agreement with Yan Hua Hospital Group will expire on November 6, 2016 and the annual caps in relation to the continuing connected transactions contemplated thereunder have expired on December 31, 2015, the Group intends to make the following two arrangements in order to continue the continuing connected transactions contemplated thereunder: (a) renewing the annual caps for the three financial years ending December 31, 2018 in relation to the continuing connected transactions under Yan Hua IOT Agreement; (b) renewing and extending the term of the Original PMM Sales Framework Agreement and renewing the annual caps for the three financial years ending December 31, 2018 in relation to the continuing connected transactions contemplated thereunder, which are subject to the approval by independent Shareholders at the extraordinary general meeting to be convened. A circular containing the relevant information will be despatched to the Shareholders in due course.

For details, please refer to the announcement of the Company dated July 8, 2016.

Definitions

“Audit Committee”	the audit committee of the Board
“Award Shares”	such Shares awarded pursuant to the Share Award Scheme, the maximum number of which shall not exceed 5% of the total issued capital of the Company as at July 7, 2014 and 1% of the total number of issued Shares to each of the Selected Participant as at July 7, 2014
“Beijing Easylife”	Beijing Phoenix Easylife Healthcare Consulting Co., Ltd. (北京鳳凰益生醫學技術諮詢有限公司), a limited liability company established under the laws of the PRC on January 18, 2008, and a wholly-owned subsidiary of our Group
“Beijing Juxin Wantong”	Beijing Juxin Wantong Investment Co., Ltd. (北京聚信萬同投資有限公司), formerly known as Phoenix United Hospital Management (Beijing) Co., Ltd. (鳳凰聯盟醫院管理(北京)有限公司) and Phoenix Healthcare Investment Management (Beijing) Co., Ltd. (鳳凰醫療投資管理(北京)有限公司), a limited liability company established under the laws of the PRC on June 9, 2003, a wholly-owned subsidiary of Beijing Wantong and a connected person to our Company
“Beijing Phoenix”	Beijing Phoenix United Hospital Management Consulting Co. Ltd. (北京鳳凰聯合醫院管理諮詢有限公司), formerly known as Beijing Phoenix United Hospital Management Co., Ltd. (北京鳳凰聯合醫院管理有限公司) and Beijing Phoenix United Hospital Management Joint Stock Co., Ltd. (北京鳳凰聯合醫院管理股份有限公司), a limited liability company established under the laws of the PRC on November 6, 2007, and a wholly-owned subsidiary of our Company
“Beijing Wantong”	Beijing Phoenix Wantong Investment Management Co., Ltd. (北京鳳凰萬同投資管理有限公司), formerly known as Phoenix Hospital Management (Beijing) Co., Ltd. (鳳凰醫院管理(北京)有限公司), a limited liability company established under the laws of the PRC in April 2002
“Board” or “Board of Directors”	the board of Directors
“BVI”	the British Virgin Islands
“Chairman”	the chairman of our Board
“Chief Executive Officer”	the chief executive officer of our Company
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this interim report, Taiwan, the Macau Special Administrative Region and Hong Kong
“Company” or “our Company”	Phoenix Healthcare Group Co. Ltd, a company with limited liability incorporated in the Cayman Islands on February 28, 2013
“China Resources Healthcare Group Limited Acquisition Announcements”	The announcements issued on April 8, 2016 and May 3, 2016, namely “Inside Information Acquisition of the Target Company Possible Application for Whitewash Waiver and Resumption of Trading” and “Inside Information Acquisition of the Target Companies Update on the CR Acquisition and Resumption of Trading” by the Company
“Director(s)”	the directors of our Company or any one of them



Definitions (Continued)

“Eligible Persons”	any of the (i) key management personnel including the Directors and senior management of the Group; (ii) employed experts as nominated by the Board; and (iii) core employees of the Group
“Excluded Pharmaceuticals”	certain pharmaceuticals such as prepared traditional Chinese medicine (中藥飲片) and pharmaceuticals sold at community clinics which are excluded from our supply agreement with Hong Hui
“Group”, “we” or “us”	our Company and its subsidiaries
“HK\$” or “HKD” and “cent(s)”	Hong Kong dollar and cent(s) respectively, the lawful currency of Hong Kong
“Hong Hui”	Hong Hui Pharmaceutical Co., Ltd. (紅惠醫藥有限公司), a limited liability company established under laws of the PRC on March 15, 1994, a supplier of the Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRSs”	International Financial Reporting Standards
“IOT”	the “invest-operate-transfer” model
“IOT hospitals and clinics”	third-party hospitals and clinics, which we manage and operate under the IOT model
“Jian Gong Hospital”	Beijing Jian Gong Hospital Co., Ltd. (北京市健宮醫院有限公司), a limited liability company established under the laws of the PRC on May 12, 2003 and a subsidiary of our Company, and its predecessor, Beijing Construction Worker Hospital (北京市建築工人醫院), before its reform
“Jing Mei Hospital”	Jing Mei Hospital (北京京煤集團總醫院), a not-for-profit hospital established under the laws of the PRC in 1956 and wholly owned by Jingmei Group, which we began managing in May 2011 pursuant to the Jing Mei IOT Agreement
“Jing Mei Hospital Group”	collectively, Jing Mei Hospital and 7 Grade I hospitals and 11 community clinics affiliated with Jing Mei Hospital
“Jing Mei IOT Agreement”	collectively, the IOT agreement we entered into with Jingmei Group on May 5, 2011, as amended
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mentougou Hospital”	Mentougou Hospital (北京市門頭溝區醫院), a not-for-profit hospital established under the laws of the PRC in 1951 and wholly owned by the Mentougou District government, which we began managing in June 2010 pursuant to the Mentougou IOT Agreement
“Mentougou Hospital for Women and Children”	Mentougou Hospital for Women and Children (門頭溝區婦幼保健院) incorporated under the laws of the PRC in 1983 and wholly owned by the Mentougou District government, which we began managing in September 2014 pursuant to the Mentougou Hospital for Women and Children IOT Agreement

Definitions (Continued)

“Mentougou Hospital for Women and Children IOT Agreement”	the IOT agreement we entered into with the Mentougou District government on September 23, 2014
“Mentougou IOT Agreement”	collectively, the IOT agreement we entered into with the Mentougou District government on July 30, 2010, as amended
“Mentougou TCM Hospital IOT Agreement”	the IOT agreement we entered into with the Mentougou District government on June 6, 2012
“Mentougou Traditional Chinese Medicine Hospital”	Mentougou Traditional Chinese Medicine Hospital (北京市門頭溝區中醫院), a not-for-profit hospital established under the laws of the PRC in 1956 and wholly owned by the Mentougou District government, which we began managing in June 2012 pursuant to the Mentougou TCM Hospital IOT Agreement
“Pinyu”	a limited liability company incorporated in the BVI on January 3, 2013, an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Review Period”	the period from January 1, 2016 to June 30, 2016
“Selected Participant(s)”	Eligible Persons selected by the Board in accordance with the terms of the Share Award Scheme
“SFO”	the Securities and Futures Ordinance
“Shareholder(s)”	holder(s) of the Share(s)
“Share Award Scheme”	the share award scheme of the Company adopted by the Board pursuant to a resolution passed by the Board on July 7, 2014, as amended by the Board through a resolution passed on May 25, 2015
“Share Option Scheme”	the share option scheme conditionally adopted by the Company pursuant to a resolution passed by our Shareholders on September 30, 2013
“Share(s)”	share(s) with par value of HK\$0.00025 each in the capital of the Company
“Shunyi Hospital”	collectively, Beijing Airport Hospital of Shunyi District, Shunyi District No. 2 Hospital and community clinics affiliated with Shunyi Hospital
“Speed Key Limited”	a limited liability company incorporated in the BVI on January 30, 2013, a Controlling Shareholder and a connected person of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Syndicated Loan”	the facility granted to the Company pursuant to the Syndicated Loan Agreement



Definitions (Continued)

“Syndicated Loan Agreement”	the agreement we entered into with a consortium of lenders led by Deutsche Bank AG on February 4, 2015, whereby the Company was granted a facility in the aggregate sum of US\$150.0 million with a repayment term of 3 years (which is extendable for another two years after the initial three-year term), the interest rate of which is determined with reference to the three-month London Interbank Offered Rate plus 3.15% per annum
“True Point”	True Point Holdings Limited, a limited liability company incorporated in the BVI
“UMP Healthcare Holdings”	UMP Healthcare Holdings Limited (聯合醫務控股有限公司), a limited liability company incorporated in the Cayman Islands, and a subsidiary of True Point Holdings Limited, a limited liability company incorporated in the BVI
“U.S. dollar” or “US\$”	United States dollar, the lawful currency of the United States
“United States” or “U.S.”	the United States of America, its territories and possessions, and all areas subject to its jurisdiction
“Yan Hua Hospital”	Yan Hua Hospital (北京燕化醫院), a not-for-profit hospital established under the laws of the PRC in 1973 and wholly owned by Yan Hua Phoenix, which we started to manage and operate in February 2008 pursuant to the Yan Hua IOT Agreement and a connected person to our Company
“Yan Hua Hospital Group”	collectively, Yan Hua Hospital and 17 community clinics affiliated with Yan Hua Hospital
“Yan Hua IOT Agreement”	collectively, the IOT agreement the Group entered into with Yan Hua Hospital Group and Yan Hua Phoenix on February 1, 2008, as amended
“Yan Hua Phoenix”	Beijing Yan Hua Phoenix Healthcare Asset Management Co., Ltd. (北京燕化鳳凰醫療資產管理有限公司), a limited liability company established under the laws of the PRC on July 18, 2005, a wholly-owned subsidiary of Beijing Juxin Wantong and a connected person of our Company

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