



華潤醫藥集團有限公司

China Resources Pharmaceutical Group Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 3320)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Increase
	2019 (Unaudited)	2018 (Audited)	
Revenue (HK\$)	101,923.0	93,740.8	8.7%
Profit attributable to equity holders of the Company (HK\$)	3,035.4	2,249.6	34.9%
Basic earnings per share	HK\$0.48	HK\$0.36	
	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)	Increase
Equity attributable to equity holders of the Company (HK\$)	41,273.2	39,373.3	4.8%
Net debt (HK\$) (1)	45,143.2	34,302.8	31.6%
Trade receivables (HK\$)	68,792.8	60,529.1	13.7%
Net debt attributable to equity holders of the Company (2)	0.66	0.57	
Net assets attributable to equity holders of the Company (2)	HK\$6.6	HK\$6.3	4.8%
Notes:			
1.	Net debt attributable to equity holders of the Company is calculated as debt attributable to equity holders of the Company less cash and cash equivalents.		
2.	Net assets attributable to equity holders of the Company is calculated as equity attributable to equity holders of the Company less net debt attributable to equity holders of the Company.		

The Board (the Board) and each of the Director(s) of China Resources Pharmaceutical Group Limited (the Company) have read and approved the condensed consolidated financial statements of the Company and the Group for the reporting period ended 30 June 2019 (the Reporting Period), and the financial statements are true and correct:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30 June 2019

		Six months ended 30 June	
		2019	2018
		(Unaudited)	(Unaudited)
	■ E	HK\$000	HK\$000
REVENUE	4	101,922,961	93,740,803
Cost of sales		<u>(84,489,378)</u>	<u>(76,859,425)</u>
Gross profit		17,433,583	16,881,378
Operating expenses		915,123	652,262
Operating income	5	857,791	24,096
Shareholders' share of associate's loss		(8,914,464)	(8,440,435)
Administrative expenses		(2,342,064)	(2,140,030)
Other expenses		(492,809)	(644,220)
Finance costs	6	(1,716,655)	(1,292,562)
Shareholders' share of associate's income		<u>67,593</u>	<u>69,973</u>
PROFIT BEFORE TAX	7	5,808,098	5,110,462
Income tax expense	8	<u>(1,124,811)</u>	<u>(1,047,679)</u>
PROFIT FOR THE PERIOD		<u>4,683,287</u>	<u>4,062,783</u>
Attributable to:			
Ordinary shareholders of the Company		3,035,370	2,249,627
Non-controlling interests		<u>1,647,917</u>	<u>1,813,156</u>
		<u>4,683,287</u>	<u>4,062,783</u>
Each ordinary share attributable to ordinary shareholders of the Company:			
Basic and diluted (HK\$)	9	<u>0.48</u>	<u>0.36</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$000	HK\$000
PROFIT FOR THE PERIOD	4,683,287	4,062,783
OTHER COMPREHENSIVE LOSS		
<p> <input type="checkbox"/> </p> <p> Exchange differences arising from the translation of the financial statements of the subsidiaries </p>	<u>(572,176)</u>	
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(572,176)</u>	
<p> <input type="checkbox"/> </p> <p> Exchange differences arising from the translation of the financial statements of the subsidiaries </p> <p> Gain on the revaluation of the available-for-sale financial assets </p>	<u>148,211</u>	<u>(713,390)</u> <u>4,675</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>148,211</u>	<u>(708,715)</u>
OTHER COMPREHENSIVE LOSS, NET OF TAX	<u>(423,965)</u>	<u>(708,715)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>4,259,322</u></u>	<u><u>3,354,068</u></u>
Attributable to:		
<input checked="" type="checkbox"/> Ordinary shareholders	<u>2,960,222</u>	<u>1,895,880</u>
<input type="checkbox"/> Non-controlling interests	<u>1,299,100</u>	<u>1,458,188</u>
	<u><u>4,259,322</u></u>	<u><u>3,354,068</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		30 June 2019 (Unaudited) HK\$000	31 December 2018 (Audited) HK\$000
NON-CURRENT ASSETS			
Property, plant and equipment	11	16,170,812	14,652,228
Right-of-use asset	2.2	5,286,784	
Prepaid lease payments		–	2,590,622
Intangible assets		1,739,119	1,541,437
Goodwill		20,366,994	19,804,854
Other intangible assets		6,064,849	4,954,664
Investment properties		124,744	44,290
Investment in associates		2,787,316	2,233,808
Other non-current assets	12	587,507	222,673
Deferred tax		615,402	621,419
Other non-current assets		<u>2,903,974</u>	<u>1,218,427</u>
		56,647,501	47,884,422
CURRENT ASSETS			
Intangible assets		22,730,996	21,527,923
Trade receivables	13	67,605,513	54,847,015
Prepaid lease payments		–	123,128
Other current assets	12	29,005,621	28,023,549
Amounts due from related parties		3,769,208	2,402,557
Trade payables		53,686	57,895
Provision for doubtful debts		3,377,118	3,428,676
Contract liabilities		<u>14,817,581</u>	<u>16,633,301</u>
		141,359,723	127,044,044
Accrued liabilities		<u>1,093,841</u>	<u>1,316,021</u>
		142,453,564	128,360,065

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		30 June 2019 (Unaudited) HK\$000	31 December 2018 (Audited) HK\$000
CURRENT LIABILITIES			
Trade and other payables	14	58,904,952	56,198,259
Short-term debt, other		1,705,200	3,423,868
Contract liabilities		1,292,026	1,711,938
Lease liabilities	2.2	601,779	
Amounts due to related parties		4,942,850	4,057,107
Interest-bearing bank and other borrowings		46,688,892	37,362,593
Tax payables		534,001	603,263
		<u>114,669,700</u>	<u>103,357,028</u>
Liabilities due to related parties called for		-	1,341
Trade receivables		<u>114,669,700</u>	<u>103,358,369</u>
NET CURRENT ASSETS		<u>27,783,864</u>	<u>25,001,696</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>84,431,365</u>	<u>72,886,118</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		3,609,073	3,301,928
Bank payables		7,957,600	6,847,740
Lease liabilities	2.2	1,324,162	
Deferred tax liabilities		1,531,162	881,272
Other non-current liabilities		1,216,576	1,326,119
Trade non-current liabilities		<u>15,638,573</u>	<u>12,357,059</u>
NET ASSETS		<u>68,792,792</u>	<u>60,529,059</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		27,241,289	27,241,289
Reserves		<u>14,031,931</u>	<u>12,132,020</u>
		41,273,220	39,373,309
Non-current financial assets		<u>27,519,572</u>	<u>21,155,750</u>
Trade receivables		<u>68,792,792</u>	<u>60,529,059</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

China Resource Pharmaceutical Group Limited (the **Company**) is a public limited company incorporated in Hong Kong, with its registered office in the Secretaries of State Building, 28th Floor, 28 October 2016. The registered office is located at 41/F, China Resource Building, 26 Harbour Road, Wanchai, Hong Kong. The Group's principal place of incorporation is in the Cayman Islands, and its principal place of business is in the People's Republic of China.

2. Basis of preparation and changes to the Group's accounting policies

2.1. Basis of preparation

The interim condensed consolidated financial statements for the period ended 30 June 2019 have been prepared according to the Hong Kong Accounting Standards (HKAS) 34 Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements for the period ended 30 June 2018 were prepared in accordance with the accounting standards applicable to the period ended 31 December 2018.

The accounting policies applied for the period ended 31 December 2018 are consistent with the accounting policies applied for the period ended 31 December 2018. The accounting policies for the period ended 31 December 2018 are set out in the accounting policies of the Company's annual financial statements for the period ended 31 December 2018. The accounting policies for the period ended 31 December 2018 are set out in the accounting policies of the Company's annual financial statements for the period ended 31 December 2018. The accounting policies for the period ended 31 December 2018 are set out in the accounting policies of the Company's annual financial statements for the period ended 31 December 2018.

The Company is a de listed company under the Securities and Futures Ordinance (SFO) Chapter 662(3), and Part 3, Section 6, of the Companies Ordinance.

The Company is a de listed company under the Securities and Futures Ordinance (SFO) Chapter 662(3), and Part 3, Section 6, of the Companies Ordinance. The Company is a de listed company under the Securities and Futures Ordinance (SFO) Chapter 662(3), and Part 3, Section 6, of the Companies Ordinance.

2.2. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the financial statements are consistent with the accounting policies adopted in the financial statements of the Group for the period ended 31 December 2018, except for the amendments adopted in HKFRS, Financial Reporting Standards (**HKFRS**) effective from 1 January 2019. The Group has also adopted the amendments to the accounting standards that have been issued by the Council effective.

Amendments HKFRS 9		<i>F</i>	<i>C</i>
HKFRS 16	<i>L</i>		
Amendments HKAS 19		<i>A</i>	<i>C</i>
Amendments HKAS 28	<i>L</i>	<i>I</i>	<i>A</i> <i>J</i> <input checked="" type="checkbox"/>
HK (IFRIC)-I 23		<i>I</i>	
Annual Improvements 2015-2017 Cycle	<i>A</i>	<i>HKF 3</i> , <i>HKF 11</i> , <i>HKA 12</i> <i>HKA 23</i>	

Other amendments adopted by the Group are related to HKFRS 16, the amendments to the accounting standards that have been issued by the Council effective from 1 January 2019.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 *Leases* (**HKAS 17**), HK (IFRIC)-I 4 *D* and HK (SIC)-I 27 *E* (**HK(IFRIC)-Int 4**), HK (SIC)-I 15 *B* (*L* - *I*) and HK (SIC)-I 27 *E* (*I* - *L* - *F* - *L*). The standard requires lessees to recognize a lease liability, measured at the present value of the lease payments, and a corresponding right-of-use asset, at the commencement date of the lease. Leases accounted for under HKFRS 16 are based on the criteria set out in HKAS 17. Leases classified as operating leases under HKAS 17 are classified as operating leases under HKFRS 16. The Group has adopted HKFRS 16 from 1 January 2019, and the comparative figures for 2018 are based on the accounting policies applied under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is a lease if it transfers the right to use an identified asset for a period of time in exchange for a consideration. The contract is a lease if it meets all three criteria: (1) it identifies an asset, (2) the contract grants the right to use the asset, and (3) the contract is enforceable. The guidance is effective for periods beginning on or after 1 January 2019.

Assets that are leased under HKFRS 16 are classified as either operating leases or finance leases. Operating leases are those leases that do not transfer substantially all the risks and rewards of ownership to the lessee. Finance leases are those leases that do transfer substantially all the risks and rewards of ownership to the lessee.

As a lessee – Leases previously classified as operating leases

HKFRS 16

The guidance is effective for periods beginning on or after 1 January 2019. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards of ownership to the lessee. Under HKFRS 16, the guidance is effective for periods beginning on or after 1 January 2019. The guidance is effective for periods beginning on or after 1 January 2019. The guidance is effective for periods beginning on or after 1 January 2019.

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Leases that are classified as operating leases under HKFRS 16 are classified as operating leases under HKFRS 16. The guidance is effective for periods beginning on or after 1 January 2019.

The guidance is effective for periods beginning on or after 1 January 2019. The guidance is effective for periods beginning on or after 1 January 2019. The guidance is effective for periods beginning on or after 1 January 2019.

The unaudited financial statements were prepared in accordance with HKFRS 16 as at 1 January 2019 as follows:

	Increase/(decrease) (Unaudited) HK\$000
Assets	
Increase in trade receivables	4,572,410
Decrease in prepayments, deposits and other receivables	(11,589)
Decrease in prepaid expenses and other receivables	(2,713,750)
Increase in deferred tax assets	<u>23,782</u>
Increase in other assets	<u>1,870,853</u>
Liabilities	
Increase in other liabilities and other payables	<u>(1,942,197)</u>
Decrease in other payables	<u>(71,344)</u>

At 30 June 2019, the trade receivables, other liabilities and other payables were audited in accordance with HK\$5,286,784,000, HK\$601,779,000 and HK\$1,324,162,000, respectively.

Summary of new accounting policies

The accounting policies have been adopted in the financial statements for the period ended 31 December 2018 in accordance with the revised accounting standards adopted in accordance with HKFRS 16 as at 1 January 2019:

Receivables are recognized at the net amount due to the entity. Receivables are measured at cost, less allowances for doubtful accounts. The allowance for doubtful accounts is determined based on the credit risk of the receivables. Trade receivables are carried at net carrying amount less allowance. Under the Group's existing accounting policy, receivables are measured at the net amount due to the entity, less allowances for doubtful accounts. The carrying amount of receivables is measured at the net amount due to the entity, less allowances for doubtful accounts, and is reported as receivables, net of allowance for doubtful accounts.

Lease liabilities are recognized at the net present value of the lease payments, less any incentives received. The lease liability is measured at the present value of the lease payments, less any incentives received. The lease liability is measured at the present value of the lease payments, less any incentives received. The lease liability is measured at the present value of the lease payments, less any incentives received. The lease liability is measured at the present value of the lease payments, less any incentives received.

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3. Segment information

Management has determined the segments based on the following: (i) based on the products, (ii) based on the geographical areas, (iii) based on the nature of the products. The business segments are: (a) based on the nature of the products, (b) based on the geographical areas, (c) based on the nature of the products, (d) based on the nature of the products.

Segment information is given below as per HKFRS 8:

- (a) Products: (i) based on the nature of the products, (ii) based on the geographical areas, (iii) based on the nature of the products;
- (b) Products: (i) based on the nature of the products, (ii) based on the geographical areas, (iii) based on the nature of the products;
- (c) Products: (i) based on the nature of the products, (ii) based on the geographical areas, (iii) based on the nature of the products;
- (d) Products: (i) based on the nature of the products, (ii) based on the geographical areas, (iii) based on the nature of the products.

Management has determined the segments based on the following:

The segments are determined based on the following: (i) based on the nature of the products, (ii) based on the geographical areas, (iii) based on the nature of the products.

The business segments are: (a) based on the nature of the products, (b) based on the geographical areas, (c) based on the nature of the products.

Segment information is given below as per HKFRS 8: (i) based on the nature of the products, (ii) based on the geographical areas, (iii) based on the nature of the products.

The following table sets out the revenue of the Group's operating segments for the periods ended 30 June 2019 and 2018:

Six months ended 30 June 2019	Manufacturing (Unaudited) HK\$000	Distribution (Unaudited) HK\$000	Retail (Unaudited) HK\$000	Others (Unaudited) HK\$000	Total (Unaudited) HK\$000
Segment revenue					
External sales	15,789,938	83,094,210	2,945,616	93,197	101,922,961
Inter-segment sales	<u>1,576,862</u>	<u>1,854,691</u>	<u>-</u>	<u>-</u>	<u>3,431,553</u>
	<u>17,366,800</u>	<u>84,948,901</u>	<u>2,945,616</u>	<u>93,197</u>	<u>105,354,514</u>
Elimination:					
Elimination of inter-segment sales					<u>(3,431,553)</u>
Segment revenue					<u><u>101,922,961</u></u>
Segment results	4,280,221	4,129,288	55,998	53,612	8,519,119
Other income					915,123
Other gains and losses					857,791
Administrative expenses					(2,342,064)
Other expenses					(492,809)
Finance costs					(1,716,655)
Share of profits and losses of associates and joint ventures					<u>67,593</u>
Profit before tax					<u><u>5,808,098</u></u>

Statement ended 30 June 2018	Manufacturing (Unaudited) HK\$000	Distribution (Unaudited) HK\$000	Real estate (Unaudited) HK\$000	Others (Unaudited) HK\$000	Total (Unaudited) HK\$000
Service revenue					
Electronics	15,055,900	76,110,967	2,470,449	103,487	93,740,803
Inter-service revenue	<u>1,818,628</u>	<u>1,490,059</u>			<u>3,308,687</u>
	<u>16,874,528</u>	<u>77,601,026</u>	<u>2,470,449</u>	<u>103,487</u>	<u>97,049,490</u>
Elimination:					
Elimination of inter-service revenue					<u>(3,308,687)</u>
Service revenue					<u>93,740,803</u>
Service revenue	4,315,205	4,034,537	68,026	23,175	8,440,943
Operating					652,262
Operating					24,096
Administrative					(2,140,030)
Other					(644,220)
Share of associates					69,973
Finance					<u>(1,292,562)</u>
Profit before tax					<u>5,110,462</u>

4. REVENUE

As at 30 June 2018, the Group's revenue is as follows:

	Six months ended 30 June	
	2019 HK\$000 (Unaudited)	2018 HK\$000 (Unaudited)
Revenue from contracts with customers		
Sales of consumer electronics	101,844,865	93,677,978
Revenue from other sources		
Real estate commission	<u>78,096</u>	<u>62,825</u>
	<u>101,922,961</u>	<u>93,740,803</u>

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2019	2018
	(Unaudited) HK\$000	(Unaudited) HK\$000
Gain from disposal of subsidiaries	4,516	17,616
Loss from disposal of subsidiaries, net of income tax	(489)	(16,802)
Income from disposal of subsidiaries, net of income tax	(268,301)	(133,719)
Income from disposal of subsidiaries, net of income tax	15,996	2,123
Finance income from bank deposits	57,684	74,045
Finance income from other sources	-	63,961
Income from other sources	10,148	14,540
Gain from disposal of subsidiaries (Note 16)	1,060,563	
Other	(22,326)	2,332
	<u>857,791</u>	<u>24,096</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	(Unaudited) HK\$000	(Unaudited) HK\$000
Interest on bank borrowings	1,435,604	1,212,517
Interest on deposits	204,801	81,484
Interest on bank borrowings under finance lease contracts	32,231	208
Interest expense	50,217	
Less: Interest on bank deposits, net of income tax	(6,198)	(1,647)
	<u>1,716,655</u>	<u>1,292,562</u>

: Called for the amount of bank borrowings under finance lease contracts, net of income tax, of 4.8% (Unaudited 30 June 2018: 4.8%), the amount of interest expense.

7. PROFIT BEFORE TAX

The Group's profit before tax is analysed as follows (continued):

	Six months ended 30 June	
	2019	2018
	(Unaudited) HK\$000	(Audited) HK\$000
Decrease in provisions, allowances and receivables	704,703	666,624
Decrease in provisions for lease	302,462	
Amortisation of intangible assets	117,420	111,362
Amortisation of prepaid expenses	–	39,390
Allowance for doubtful receivables	4,862	29,963
Change in deferred tax assets	84,037,854	76,330,975
Reversal of deferred tax expense (credited to expense)	498,968	390,566
Other lease expenses recognised in expense	3,436	316,256
Impairment losses, allowances	8,027	211
Finance charges (income)	(50,445)	214,704
Depreciation	(2,888)	(1,867)
Gain on disposal	(213,940)	(120,821)
Interest income	(326,102)	(151,250)

8. INCOME TAX EXPENSE

The Group's current tax expense is analysed as follows (continued):

	Six months ended 30 June	
	2019	2018
	(Unaudited) HK\$000	(Audited) HK\$000
Current tax		
PRC Enterprise Income Tax (PRC EIT):		
PRC EIT	1,090,545	1,008,380
Hong Kong Profits Tax	–	1,105
Under-provision in prior period:		
PRC EIT	5,026	5,178
	1,095,571	1,014,663
Deferred tax	29,240	33,016
Tax charge for the period	1,124,811	1,047,679

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

The calculation of the basic earnings per share attributable to ordinary equity holders of the Company is based on:

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$000	HK\$000
Earnings		
Profit attributable to ordinary equity holders of the Company	<u>3,035,370</u>	<u>2,249,627</u>
Number of shares		
Weighted average number of shares outstanding during the period	<u>6,284,506,461</u>	<u>6,284,506,461</u>

Dividends payable are included in the basic earnings per share calculation for the periods ended 30 June 2019 and 2018.

10. DIVIDENDS

The following dividends were declared during the periods ended 30 June 2019 (and 30 June 2018):

	2019	2018
	HK\$000	HK\$000
Dividends declared to ordinary equity holders of the Company		
Final 2018 (HK\$0.13 per share)		
(2018: Final 2017 (HK\$0.11 per share))	<u>816,986</u>	<u>691,296</u>

An additional HK\$816,986,000 (HK\$0.13 per share) was declared on 28 March 2019. The dividend was paid on 28 March 2019. The dividend declared to ordinary equity holders of the Company is HK\$816,986,000.

The Group's trade receivables are measured at amortised cost and are classified into the PRC as at 30 June 2019 and 31 December 2018. The carrying amount of trade receivables is measured at amortised cost, distributed and aged as follows as at the reporting date. The ageing is as follows:

For accounts receivable recorded in the period, the Group has adopted the following policy. The carrying amount of receivables is measured at amortised cost, distributed and aged as follows as at the reporting date.

For accounts receivable recorded in the period, the Group has adopted the following policy. The carrying amount of receivables is measured at amortised cost, distributed and aged as follows as at the reporting date. The ageing is as follows:

13. TRADE AND OTHER RECEIVABLES

	30 June 2019 (Unaudited) HK\$000	31 December 2018 (Audited) HK\$000
Balance	2,808,864	2,559,563
Trade receivable	56,000,403	44,797,057
Other receivable	<u>(720,615)</u>	<u>(436,084)</u>
	<u>55,279,788</u>	<u>44,360,973</u>
Prepayment	3,434,572	3,425,706
Other receivable	6,202,929	4,637,120
Other receivable	<u>(120,640)</u>	<u>(136,347)</u>
	<u>6,082,289</u>	<u>4,500,773</u>
	<u>67,605,513</u>	<u>54,847,015</u>

The Group's receivables are classified as follows: 30% - 270 days, 30% - 180 days, 30% - 90 days and 10% - 30 days. The carrying amount of receivables is measured at amortised cost, distributed and aged as follows as at the reporting date.

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	30 June 2019 (Unaudited) HK\$000	31 Decembe 2018 (Audited) HK\$000
0-30 da ...	18,883,934	16,743,995
31-60 da ...	8,189,421	6,757,515
61-90 da ...	7,134,966	4,286,534
91-180 da ...	12,492,982	10,084,492
181-365 da ...	7,076,225	5,726,756
O e l ea	1,502,260	761,681
	<u>55,279,788</u>	<u>44,360,973</u>

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	30 June 2019 (Unaudited) HK\$000	31 Decembe 2018 (Audited) HK\$000
0-30 da ...	933,755	317,149
31-60 da ...	384,933	393,062
61-90 da ...	495,582	432,406
91-180 da ...	994,594	1,416,946
	<u>2,808,864</u>	<u>2,559,563</u>

14. TRADE AND OTHER PAYABLES

	30 June 2019 (Unaudited) HK\$000	31 Decembe 2018 (Audited) HK\$000
Trade payable	30,037,358	27,227,869
Bank payable	12,617,605	12,281,222
Accrued payable	1,325,778	1,600,012
Interest payable	362,076	304,111
Other payable	610,730	1,314,669
Other payable	12,974,237	12,377,884
Payable to acquire ... b da e	977,168	1,092,492
	<u>58,904,952</u>	<u>56,198,259</u>

15. BUSINESS COMBINATIONS

(a) Acquisition of Jiangzhong Group

China Resource Pharmaceutical Holdings Limited (CR Pharmaceutical Holdings) entered into a share purchase agreement dated 30 June 2018 and 14 September 2018, effective as of 30 June 2018, with Jiangzhong Pharmaceutical Group Limited (Jiangzhong Group), controlled by Jiangzhong Pharmaceutical Group Limited, to acquire 100% of the issued and outstanding shares of Jiangzhong Pharmaceutical Group Limited. The consideration is RMB3,099.4 million (equivalent to HK\$3,636.5 million) (the Consideration). Of the Consideration, a total of RMB1,040.8 million (equivalent to HK\$1,221.1 million) is borne by the shareholders of Jiangzhong Pharmaceutical Group Limited, and the remaining RMB2,058.6 million (equivalent to HK\$2,415.4 million) is borne by the shareholders of CR Pharmaceutical Holdings. On 22 February 2019, the shareholders of Jiangzhong Pharmaceutical Group Limited became a 51%-owned subsidiary of CR Pharmaceutical Holdings. Jiangzhong Pharmaceutical Group Limited is a pharmaceutical enterprise engaged in the research and development, production and sales of various pharmaceutical products, including OTC medicine and chemical drugs. As at 30 June 2019, the Group's share of Jiangzhong Group's net assets is 43.03% equivalent to RMB1,040.8 million.

Goodwill arising from the acquisition of Jiangzhong Group amounts to HK\$660,324,000 based on the fair value of the identifiable intangible assets of Jiangzhong Group and the fair value of the identifiable intangible assets.

(b) Acquisition of other subsidiaries

During the period ended 30 June 2019, the Group acquired the following entities: (i) Shenzhen Xinghe Pharmaceutical Limited, a pharmaceutical product manufacturer, for a consideration of RMB22.6 million (equivalent to HK\$26.3 million). Goodwill arising from the acquisition of Shenzhen Xinghe Pharmaceutical Limited amounts to HK\$270,000 based on the fair value of the identifiable intangible assets of Shenzhen Xinghe Pharmaceutical Limited and the fair value of the identifiable intangible assets.

The net identifiable intangible assets of the Group's acquired subsidiaries are as follows:

16. DISPOSAL OF SUBSIDIARY

In January 2019, the Group disposed 100% of its equity interest in Shenzhen Sanjiu Holdings Limited (Shenzhen Sanjiu). Shenzhen Xinghe Pharmaceutical Limited, a pharmaceutical product manufacturer, for a consideration of RMB1,116,886,000 (equivalent to HK\$1,289,903,000), equivalent to a net cash of HK\$1,060,563,000.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

În anul 2019, activitatea economică a continuat să se dezvolte în condiții de incertitudine, Criza economică generată de efectele pandemiei a avut un impact negativ asupra activității economice, reducând nivelul de activitate și creșterea PIB-ului cu 6.3%, ceea ce a dus la o scădere a veniturilor și a profiturilor. Activitatea economică a continuat să se dezvolte în condiții de incertitudine, reducând nivelul de activitate și creșterea PIB-ului cu 6.3%, ceea ce a dus la o scădere a veniturilor și a profiturilor.

Activitatea economică a continuat să se dezvolte în condiții de incertitudine, reducând nivelul de activitate și creșterea PIB-ului cu 6.3%, ceea ce a dus la o scădere a veniturilor și a profiturilor. Activitatea economică a continuat să se dezvolte în condiții de incertitudine, reducând nivelul de activitate și creșterea PIB-ului cu 6.3%, ceea ce a dus la o scădere a veniturilor și a profiturilor.

În anul 2019, activitatea economică a continuat să se dezvolte în condiții de incertitudine, reducând nivelul de activitate și creșterea PIB-ului cu 6.3%, ceea ce a dus la o scădere a veniturilor și a profiturilor. Activitatea economică a continuat să se dezvolte în condiții de incertitudine, reducând nivelul de activitate și creșterea PIB-ului cu 6.3%, ceea ce a dus la o scădere a veniturilor și a profiturilor.

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GROUP RESULTS

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2019, the revenue from the pharmaceutical manufacturing business increased by 15.5%, 81.5% and 2.9% respectively, as compared to the corresponding periods in 2018.

During the Reporting Period, the Group recorded a profit of HK\$17,433.6 million, representing a 3.3% increase over the corresponding period in 2018 (representing a decrease of 9.9% in RMB). The operating profit was 17.1%, representing a decrease of 0.9 percentage points over the corresponding period in 2018, mainly due to the increase in the pharmaceutical manufacturing business as a result of the pharmaceutical manufacturing business.

In the year 2019, the Group recorded a basic EPS of HK\$3,035.4 million, representing a decrease of 34.9% (representing a decrease of 43.6% in RMB) over the corresponding period in 2018. Basic earnings per share was HK\$0.48 in the year 2019 (HK\$0.36 in the year 2018).

1. The pharmaceutical manufacturing business

The Group's pharmaceutical manufacturing business is engaged in the production and distribution of various pharmaceutical products, including R&D, production, distribution, and sales of various pharmaceutical products. It is a leading manufacturer of various pharmaceutical products in the domestic market. During the Reporting Period, the revenue from the pharmaceutical manufacturing business increased by 15.5%, 81.5% and 2.9% (9.5% in RMB) respectively over the corresponding period in 2018.

In the reporting period, the revenue from the pharmaceutical manufacturing business increased by 15.5%, 81.5% and 2.9% (12.0% in RMB) respectively over the corresponding period in 2018 (representing a decrease of 5.3% (a decrease of 12.0% in RMB) over the corresponding period in 2018). The revenue from the pharmaceutical manufacturing business was HK\$7,486.7 million, representing an increase of 6.3% (6.3% in RMB) over the corresponding period in 2018 (representing a decrease of 5.3% (a decrease of 12.0% in RMB) over the corresponding period in 2018). The revenue from the pharmaceutical manufacturing business was HK\$105.8 million, representing an increase of 19.7% (a decrease of 27.3% in RMB) over the corresponding period in 2018. The revenue from the pharmaceutical manufacturing business was HK\$328.2 million, representing an increase of 7.0% (a decrease of 13.8% in RMB).

Dr. Irwin Reider, President, Pharmaceutical Research and Manufacturers of America, said that the industry's R&D spending as a percentage of sales was 63.6%, a record, and that the industry's R&D spending as a percentage of sales was 0.1% in 2018.

At the same time, the Pharmaceutical Research and Manufacturers of America (PhRMA) said that the industry's R&D spending as a percentage of sales was 63.6%, a record, and that the industry's R&D spending as a percentage of sales was 0.1% in 2018. The industry's R&D spending as a percentage of sales was 63.6% in 2018, a record, and that the industry's R&D spending as a percentage of sales was 0.1% in 2018.

The industry's R&D spending as a percentage of sales was 63.6% in 2018, a record, and that the industry's R&D spending as a percentage of sales was 0.1% in 2018. The industry's R&D spending as a percentage of sales was 63.6% in 2018, a record, and that the industry's R&D spending as a percentage of sales was 0.1% in 2018.

A 30 June 2019, the Government has announced 200 R&D tax relief measures, including a 45% tax credit for R&D. The measures will be available from 1 April 2019. The Government has also announced a number of other measures, including a 10% tax credit for R&D. The Government has also announced a number of other measures, including a 10% tax credit for R&D. The Government has also announced a number of other measures, including a 10% tax credit for R&D.

The Government has also announced a number of other measures, including a 10% tax credit for R&D. The Government has also announced a number of other measures, including a 10% tax credit for R&D. The Government has also announced a number of other measures, including a 10% tax credit for R&D. The Government has also announced a number of other measures, including a 10% tax credit for R&D.

2. Pharmaceutical Distribution Business

The Group's pharmaceutical distribution business accounts for a significant portion of the Group's total revenue. In 2019, the pharmaceutical distribution business recorded a revenue of RMB 2,319.9 million, an increase of 9.5% compared with RMB 2,119.9 million in 2018 (a decrease of 16.5% compared with RMB 2,548.9 million in 2017).

In 2019, the Group's pharmaceutical distribution business continued to expand its market share and increase its revenue. The Group's pharmaceutical distribution business accounted for 78% of the total revenue of the Group. As of June 30, 2019, the pharmaceutical distribution business had a total of 28,000 customers, an increase of 1,000 customers compared with the end of 2018. The pharmaceutical distribution business also expanded its market share, with the total sales of RMB 2,319.9 million, an increase of 9.5% compared with RMB 2,119.9 million in 2018. The pharmaceutical distribution business also expanded its market share, with the total sales of RMB 2,319.9 million, an increase of 9.5% compared with RMB 2,119.9 million in 2018. The pharmaceutical distribution business also expanded its market share, with the total sales of RMB 2,319.9 million, an increase of 9.5% compared with RMB 2,119.9 million in 2018.

The Group acquired the relevant interests in each of the entities, which are incorporated in the People's Republic of China. The acquisition of the entities is accounted for as acquisitions of subsidiaries. The Group's identifiable intangible assets at the acquisition date are recorded as intangible assets. The Group has recorded the intangible assets at fair value, which is determined by using the cost method. The Group has also recorded the intangible assets at fair value, which is determined by using the cost method. The Group has also recorded the intangible assets at fair value, which is determined by using the cost method.

The Group has also recorded the intangible assets at fair value, which is determined by using the cost method. The Group has also recorded the intangible assets at fair value, which is determined by using the cost method. The Group has also recorded the intangible assets at fair value, which is determined by using the cost method. The Group has also recorded the intangible assets at fair value, which is determined by using the cost method. The Group has also recorded the intangible assets at fair value, which is determined by using the cost method. The Group has also recorded the intangible assets at fair value, which is determined by using the cost method. The Group has also recorded the intangible assets at fair value, which is determined by using the cost method. The Group has also recorded the intangible assets at fair value, which is determined by using the cost method. The Group has also recorded the intangible assets at fair value, which is determined by using the cost method.

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3. *Pharmaceutical Retail Business*

During the Reporting Period, the pharmaceutical retail business of the Group recorded revenue of HK\$2,945.6 million, representing a decrease of 19.2% (equivalent to a decrease of 26.9% in RMB) over the corresponding period of the prior year. The revenue of the pharmaceutical retail business was 12.7%, representing a decrease of 3.6 percentage points over the corresponding period of the prior year. The decrease in revenue of the pharmaceutical retail business was mainly due to the decrease in the sales of DTP brand products.

With the emergence of brands, the Group accelerated the development of the pharmaceutical retail business, and the revenue of the pharmaceutical retail business increased. The Group had a total of 842 retail outlets in the reporting period, including 150 DTP brand outlets, 76 chain outlets, and 616 other outlets.

As at 30 June 2019, the Group had 842 retail outlets. During the Reporting Period, the Group had a total of 842 retail outlets, including 150 DTP brand outlets, 76 chain outlets, and 616 other outlets. The Group had a total of 842 retail outlets, including 150 DTP brand outlets, 76 chain outlets, and 616 other outlets. The Group had a total of 842 retail outlets, including 150 DTP brand outlets, 76 chain outlets, and 616 other outlets.

In the second half of 2019, the Group acquired 25% of the equity of Tycoon Group Holdings Limited (hereinafter referred to as "Tycoon Group") through China Resources Pharmaceutical Research & Development Company Limited. Tycoon Group is a leading provider of medical equipment and services, and is a leading provider of medical equipment and services in the Hong Kong, Macao, and Mainland China. In 2018, the Group's share of Tycoon Group's net profit was 8.1%. Tycoon Group is listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in July 2019. The acquisition of Tycoon Group's shares is a strategic move to expand the Group's business in the Hong Kong market.

In the first half of 2019, the Group acquired 25% of the equity of Tycoon Group Holdings Limited (hereinafter referred to as "Tycoon Group") through China Resources Pharmaceutical Research & Development Company Limited. Tycoon Group is a leading provider of medical equipment and services, and is a leading provider of medical equipment and services in the Hong Kong, Macao, and Mainland China. In 2018, the Group's share of Tycoon Group's net profit was 8.1%. Tycoon Group is listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in July 2019. The acquisition of Tycoon Group's shares is a strategic move to expand the Group's business in the Hong Kong market.

Multiple A share-listed Subsidiaries were included in FTSE Russell Global Index

On 24 July 2019, the A-share listed subsidiaries, including China Resources Sanjiu Medical & Pharmaceutical Commercial Limited, China Resources Dabe-Care Pharmaceutical Commercial Limited and Dabe-E-E-Jia Commercial Limited were included in FTSE Russell Global Index.

At the end of the year, FTSE 100 share price rose 10% to 7,000p. The FTSE 100 index is a measure of the performance of the 100 largest companies listed on the London Stock Exchange. The FTSE 100 index is a market capitalization-weighted index of the 100 largest companies listed on the London Stock Exchange. The FTSE 100 index is a market capitalization-weighted index of the 100 largest companies listed on the London Stock Exchange.

OUTLOOK AND FUTURE STRATEGY

The company's strategy is to focus on core TA areas, strengthen brand advantages, diversify product portfolios, and promote the transformation and upgrade of pharmaceutical manufacturing business. The company will continue to invest in R&D, and expand its global presence. The company will continue to invest in R&D, and expand its global presence. The company will continue to invest in R&D, and expand its global presence.

1. Focus on core TA areas, strengthen brand advantages, diversify product portfolios, and promote the transformation and upgrade of pharmaceutical manufacturing business

The company will continue to invest in R&D, and expand its global presence. The company will continue to invest in R&D, and expand its global presence. The company will continue to invest in R&D, and expand its global presence. The company will continue to invest in R&D, and expand its global presence. The company will continue to invest in R&D, and expand its global presence.

6. *Improve business synergy and resource integration, and optimize resource allocation and operational efficiency*

We remain committed to further accelerating the development of the Group's leading businesses, and strengthening the synergy and integration of resources between businesses, while continuing to improve the efficiency of resource allocation and the quality of management. We will continue to carry out a series of measures to improve the synergy and integration of resources between businesses, and to improve the efficiency of resource allocation and the quality of management. We will continue to carry out a series of measures to improve the synergy and integration of resources between businesses, and to improve the efficiency of resource allocation and the quality of management.

INTERIM DIVIDEND

The Board has resolved to declare a final dividend of 0.0388 yuan per share for the year ended 30 June 2019.

CORPORATE GOVERNANCE

The Group continues to maintain a high standard of corporate governance and to adhere to the principles of transparency and accountability. The Company has adopted the Company Governance Code of the Company Governance Rules (the "CG Code") issued by the Shanghai Securities Exchange (the "Listing Rules") and the Company has fully complied with the CG Code and the relevant provisions of the Listing Rules. The Company will continue to strengthen its corporate governance and to improve its corporate governance.

REVIEW OF RESULTS BY ERNST & YOUNG

The audited condensed consolidated financial statements for the period ended 30 June 2019 have been audited, but have been reviewed by Ernst & Young, the Company's external auditor, in accordance with the limited assurance procedures required by the Hong Kong Auditing Standards issued 30 June 2019 to be designated as a review.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the audited condensed consolidated financial statements of the Group for the period ended 30 June 2019.

PUBLICATION OF THE INTERIM RESULTS AND 2019 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim financial results referred to above will be published on the Stock Exchange (www.hkex.com.hk) and the Company (www.crcpharm.com), and the 2019 interim financial results will also be published on the London Resource website designated as a designated website by the Securities and Futures Commission of the Stock Exchange and the Company's director.

By order of the Board

China Resources Pharmaceutical Group Limited

WANG Chuncheng

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Hong Kong, 26 April 2019

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