



温州康寧醫院股份有限公司

Wenzhou Kan

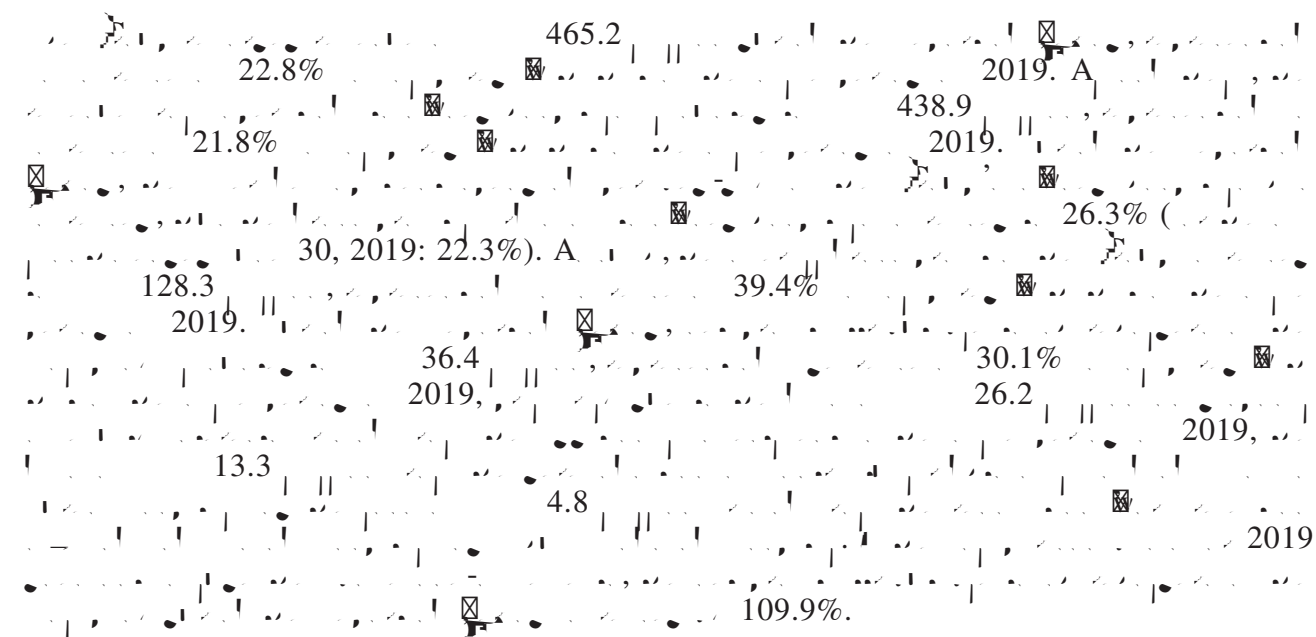
2 FINANCIAL HIGHLIGHTS

2.1 Principal Financial Data and Indicators

		For the six months ended June 30,	
		2020	2019
		(RMB'000)	(RMB'000)
		(Unaudited)	(Unaudited)
Revenue		465,150	378,910
Operating profit		39,404	52,661
Profit before income tax		(10,503)	(7,120)
Income tax expense		28,901	45,541
Profit after income tax		36,410	52,064
Minority interest		(7,509)	(6,523)
Profit attributable to equity holders of the Company			
As at		As at	
June 30,		June 30,	
2020		2019	
(RMB'000)		(RMB'000)	
(Unaudited)		(Unaudited)	
Total assets		2,274,908	2,117,352
Liabilities		960,485	855,843
Equity		1,314,423	1,261,509
Minority interest		1,186,459	1,164,484
Profit attributable to equity holders of the Company		127,964	97,025

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review



4.1.1 Revenue and Cost of Revenue

Revenue and cost of revenue for the six months ended June 30, 2020 and 2019 are as follows:

	For the six months ended June 30,	
	2020	2019
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Revenue	438,886	360,210
Cost of revenue	19,116	15,281
	7,148	3,419
Total revenue	465,150	378,910

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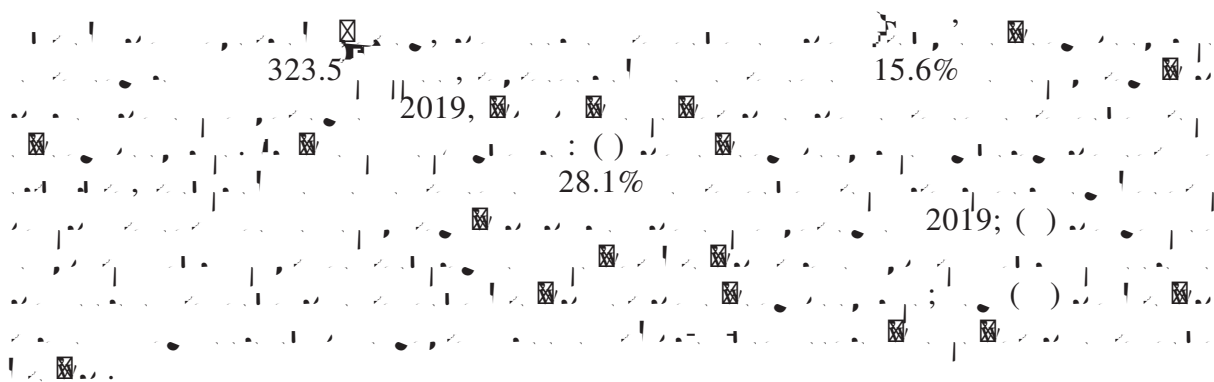
	For the six months ended June 30,	
	2020 (Unaudited)	2019 (Audited)
In Patients		
Number of inpatients	6,853	5,593
Revenue from inpatient services (RMB'000)	1,240,393	1,012,333
Revenue from inpatient services (%)	83.1	84.9
Revenue from inpatient services (RMB'000)	1,030,392	859,061
Revenue from inpatient services (RMB'000)	324,990	251,945
Revenue from inpatient services (RMB'000)	315	293
Revenue from inpatient services (RMB'000)	53,841	50,926
Revenue from inpatient services (RMB'000)	52	59
Total inpatient revenue (RMB'000)	378,831	302,871
Total average inpatient spending per bed-day (RMB)	368	353
Outpatients		
Number of outpatients	125,852	105,986
Revenue from outpatient services (RMB'000)	12,761	11,635
Revenue from outpatient services (RMB'000)	101	110
Revenue from outpatient services (RMB'000)	47,294	45,704
Revenue from outpatient services (RMB'000)	376	431
Total outpatient revenue (RMB'000)	60,055	57,339
Total average outpatient spending per visit (RMB)	477	541
Total treatment and general healthcare services revenue (RMB'000)	337,751	263,580
Total pharmaceutical sales revenue (RMB'000)	101,135	96,630

378.8 2019, 25.1% 19.9% 4.2% 86.3% (30, 2019: 84.1%).

60.1 2019, 4.7% 18.7% 13.7% (30, 2019: 15.9%).

2019, 28.1% 77.0% 30, 2019: 73.2%); 4.7% 2019, 23.0% 30, 2019: 26.8%), 14.2% (30, 2019: 16.8%), 78.8% (30, 2019: 79.7%).

	For the six months ended June 30,	
	2020	2019
	(RMB'000)	('000)
	(Unaudited)	(Unaudited)
	112,156	101,813
	110,048	91,091
	15,297	14,119
	37,019	30,236
	18,390	16,577
	11,647	7,807
	18,906	18,290
Cost of revenue of owned hospitals	323,463	279,933



4.1.2 Gross Profit and Gross Profit Margin

				128.3
		39.4%		
2019.				115.4
		43.8%		
2019.				

For the six months ended June 30,				
		2020	2019	
		(Unaudited)	()	
		29.7%	25.1%	
		14.9%	14.5%	
		26.3%	22.3%	
		47.1%	62.8%	
Consolidated gross profit margin		27.6%	24.3%	

		27.6% (		30, 2019: 24.3%),		
				4.6		
				2019,		

4.1.3 Tax and Surcharge

				2.0
		30, 2019:	0.8	()

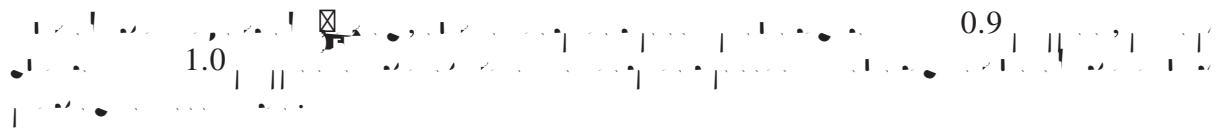
4.1.4 Selling Expenses

				3.7
		30, 2019:	4.5	()
		0.8		2019.
		0.8%		(
		30, 2019: 1.2%).		

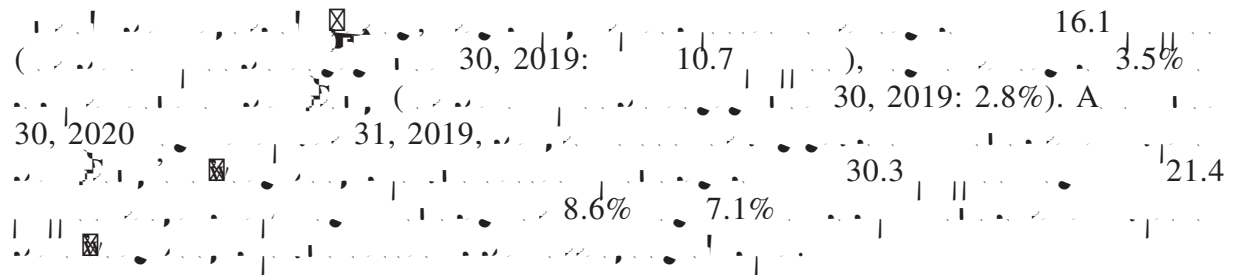
4.1.5 Administrative Expenses

4.1.7 Finance Expenses – Net

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4.1.9 Credit Impairment Losses



4.1.10 Non-Operating Income (Expenses) and Other Gains



4.1.11 Income Tax Expense

30, 2019:	7.1	10.5	(	47.5%
30, 2019,	26.7%	13.5%		
2019,				

4.2 Financial Position

4.2.1 Inventory

A 30, 2020,	33.9	(
31, 2019:	23.6	);
	31.3	31, 2019:
	2.6	21.0
	2701,	2806,
	2807	2808

2701,	2806,	2807
2808		

A	
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	75%
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(A,, .) (., .)	19.3
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(A,, .) (., .)	325.73
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	30, 2017
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4.2.2 Accounts Receivables

At December 31, 2020, accounts receivable were \$352.6 million, compared to \$310.5 million at December 31, 2019, an increase of 14.5%. The increase was primarily due to an increase in the number of active customers and an increase in the average order value. Accounts receivable are recorded at the net realizable value, which is the amount of cash expected to be received from customers. The allowance for doubtful accounts is determined based on the aging of accounts receivable and historical experience. The allowance for doubtful accounts was \$133 million at December 31, 2020, compared to \$146 million at December 31, 2019.

4.2.3 Other Receivables and Prepayments

At December 31, 2020, other receivables and prepayments were \$88.4 million, compared to \$68.7 million at December 31, 2019, an increase of 29.0%.

4.2.4 Investment Properties

At December 31, 2020, investment properties were \$107.1 million, compared to \$110.9 million at December 31, 2019, a decrease of 3.4%. The decrease was primarily due to the sale of investment properties. Investment properties are recorded at cost less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method over the estimated useful life of the property. Impairment losses are recognized when the carrying amount of the investment property exceeds its fair value.

The following table summarizes the changes in investment properties for the periods ended December 31, 2020 and 2019:

	2020	2019
Balance at January 1	110.9	110.9
Acquisitions	1,959.41	1,959.41
Disposals	(6,766.36)	(6,766.36)
Depreciation	(1,080.00)	(1,080.00)
Impairment losses	(1,080.00)	(1,080.00)
Balance at December 31	107.1	110.9

29, 2043, $462.9(24)$ (2/ 11/) (15)

4.2.8 Contract Liability

As at June 30, 2020, the Company's contract liability was RMB10.8 million (June 30, 2019: RMB8.6 million).

4.2.9 Other Payables

As at June 30, 2020, the Company's other payables were RMB93.5 million (June 30, 2019: RMB133.3 million).

4.3 Liquidity and Capital Resources

The following table summarizes the Company's cash flows for the six months ended June 30, 2020 and 2019:

	For the six months ended June 30,	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Audited)
Cash generated from operating activities	17,799	4,157
Cash used in investing activities	(76,436)	(75,880)
Cash generated from financing activities	94,945	(25,941)
Net change in cash and cash equivalents	<u>36,424</u>	<u>(98,423)</u>

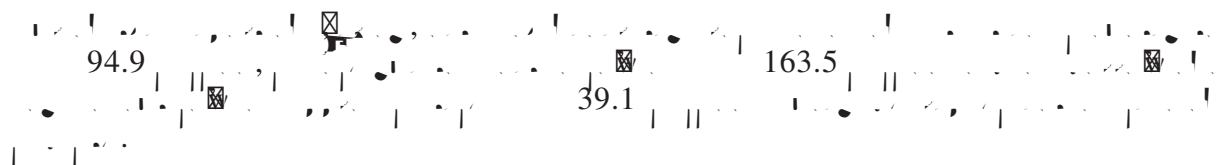
4.3.1 Net Cash Generated from Operating Activities

	2020	2019
Revenue	17.8	28.9
Cost of sales	(16.1)	(60.0)
Net income	1.7	(31.1)
Depreciation and amortization	90.9	14.5
Provision for doubtful accounts	0.1	0.1
Change in contract liabilities	2.2	0.1
Change in other payables	0.1	0.1
Change in other non-current assets and liabilities	0.1	0.1
Net cash generated from operating activities	17.8	4.2

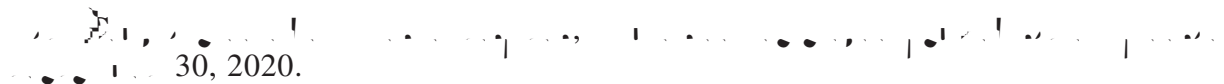
4.3.2 Net Cash Used in Investing Activities

	2020	2019
Capital expenditures	(67.1)	(76.4)
Proceeds from disposal of property, plant and equipment	0.1	0.1
Proceeds from disposal of intangible assets	0.1	0.1
Proceeds from disposal of subsidiaries	0.1	0.1
Net cash used in investing activities	(67.1)	(76.4)

4.3.3 Net Cash Generated from Financing Activities

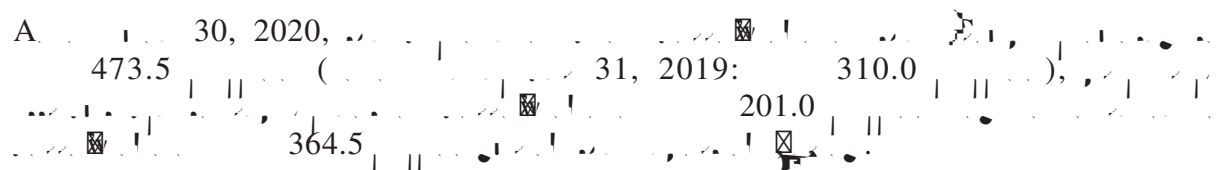


4.3.4 Significant Investment, Acquisition and Disposal



4.4 Indebtedness

4.4.1 Bank Borrowings



4.4.2 Contingent Liability



4.4.3 Asset Pledge



4.4.4 Lease Liabilities



4.4.5 Financial Instruments



4.4.6 Exposure to Fluctuation in Exchange Rates

As at 30, 2020, the Company's exposure to fluctuations in exchange rates is primarily related to its investments in foreign subsidiaries. The Company's investments in foreign subsidiaries are denominated in the local currency of the respective countries. The Company's investments in foreign subsidiaries are denominated in the local currency of the respective countries. The Company's investments in foreign subsidiaries are denominated in the local currency of the respective countries.

4.4.7 Gearing Ratio

As at 30, 2020, the Company's gearing ratio (debt to capitalization) was 42.2% (31, 2019: 40.4%).

4.4.8 Employees and Remuneration Policy

As at 30, 2020, the Company's total number of employees was 3,136 (31, 2019: 2,845). The Company's total number of employees was 3,136 (31, 2019: 2,845). The Company's total number of employees was 3,136 (31, 2019: 2,845).

The Company's remuneration policy is based on the principle of fair remuneration. The Company's remuneration policy is based on the principle of fair remuneration. The Company's remuneration policy is based on the principle of fair remuneration.

As at 30, 2020, the Company's total remuneration was 165 million (30, 2018: 1,818,529). The Company's total remuneration was 165 million (30, 2018: 1,818,529). The Company's total remuneration was 165 million (30, 2018: 1,818,529).

5 PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

☒ During the reporting period, the Company has repurchased 899,700 shares of its ordinary shares at a total cost of \$15,888,990.				
Repurchase period	Total number of H Shares repurchased	Price paid per share Highest (\$)	Price paid per share Lowest (\$)	Total consideration (\$)
Jan 1, 2020	35,000	17.90	17.80	624,200
Apr 1, 2020	715,200	18.56	17.70	12,993,510
Jul 1, 2020	9,400	16.00	15.80	148,540
Oct 1, 2020	140,100	15.30	14.70	2,122,740
	899,700			15,888,990

☒ During the reporting period, the Company has not repurchased any shares of its ordinary shares.

☒ During the reporting period, the Company has not repurchased any shares of its ordinary shares.

6 EVENTS AFTER THE REPORTING PERIOD

☒ During the reporting period, the Company has not repurchased any shares of its ordinary shares.

7 REVIEW OF INTERIM RESULTS

30, 2020,

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8 INTERIM DIVIDEND

30, 2020 (2020年10月30日)と2019年10月30日(2019年10月30日)。

9 COMPLIANCE WITH CG CODE

10 ACCOUNTING STANDARDS

In 2017, A total of 622 companies were registered under the Companies Ordinance).

11 FINANCIAL REPORT

11.1 Accounting Policies

2006.  (Ministry of Finance) No. 15,

32 A

2019. 2019.

2016.

11.2 Interim Financial Statement

As at June 30, 2020, the Company's interim consolidated financial statements were prepared on a going concern basis. The Company's interim consolidated financial statements were prepared on a going concern basis.

11.2.1 Interim Consolidated Income Statement

(Audited and approved by the Board of Directors)

		For the six months ended June 30,	
		2020 (Unaudited)	2019 (Unaudited)
1. Revenue		465,150,452	378,910,291
Cost of sales		(336,864,754)	(286,882,183)
Gross profit		(1,999,246)	(831,972)
Selling and distribution expenses		(3,697,157)	(4,476,806)
Administrative expenses		(54,639,015)	(52,890,346)
Finance costs		(2,637,407)	(2,304,024)
Other income		(11,846,196)	(10,198,874)
Profit before income tax		(14,086,629)	(11,068,131)
Income tax expense		2,454,371	1,925,426
Profit after income tax		5,443,616	6,567,461
Other comprehensive income		(923,557)	23,549,073
Profit for the period		(1,019,927)	(2,525,317)
Other comprehensive income		(16,112,650)	(10,730,916)
Profit for the period		—	(18,587)
Profit for the period		10,730,916	—

11.2.2 Interim Consolidated Statement of Financial Position

(Amounts in thousands of US dollars)

ASSETS	June 30, 2020 (Unaudited)	June 30, 2019 (Audited)
Current assets		
Accounts receivable	216,156,858	176,030,550
Prepaid expenses and other current assets	–	30,000,000
Accounts payable	352,645,140	310,520,612
Accrued expenses and other current liabilities	76,843,282	63,317,366
Accrued interest	11,516,259	5,366,020
Income taxes payable	33,858,107	23,568,236
Other non-current assets	–	12,688,704
Total current assets	691,019,646	621,491,488
Non-current assets		
Property, plant and equipment	51,281,869	51,281,869
Goodwill	94,068,266	89,943,193

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2020 (Unaudited)	June 30, 2019 (Audited)
Current liabilities		
Accounts payable	332,500,000	250,000,000
Accounts receivable	576,686	—
Accounts payable - related parties	63,565,539	75,554,960
Accounts payable - other	10,772,528	8,562,126
Accounts payable - other related parties	23,923,352	36,063,277
Accounts payable - other related parties	44,736,621	33,430,060
Accounts payable - other related parties	93,516,092	133,348,712
Accounts payable - other related parties	66,053,557	79,741,922
Total current liabilities	635,644,375	616,701,057
Non-current liabilities		
Accounts payable	100,500,000	20,000,000
Accounts payable	186,013,332	183,808,151
Accounts payable	580,000	2,260,000
Accounts payable	2,000,000	2,000,000
Accounts payable	9,797,371	9,949,267
Accounts payable	25,949,596	21,124,118
Total non-current liabilities	324,840,299	239,141,536
Total liabilities	960,484,674	855,842,593
Shareholders' equity		
Accounts payable	75,500,000	75,500,000
Accounts payable	826,376,743	824,715,445
Accounts payable	(37,817,508)	(21,721,144)
Accounts payable	33,189,321	33,189,321
Accounts payable	289,210,662	252,800,715
Total equity attributable to shareholders of the Parent company	1,186,459,218	1,164,484,337
Accounts payable	127,964,021	97,024,925
Total shareholders' equity	1,314,423,239	1,261,509,262
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,274,907,913	2,117,351,855

11.2.3 Interim Consolidated Statements of Cash Flow

(All figures are in thousands of US dollars)

	For the six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)
1. Cash flows from operating activities		
Net income	411,405,749	337,771,543
Adjustments to reconcile net income to net cash flows from operating activities:	8,311,056	7,188,089
Depreciation and amortization		
Provision for doubtful accounts		
Gain on sale of property, plant and equipment		
Loss on sale of investments		
Change in accounts receivable		
Change in accounts payable		
Change in other assets and liabilities		
Sub-total of cash inflows	419,716,805	344,959,632
Payments for:		
Interest	(174,912,876)	(153,687,796)
Taxes	(162,022,960)	(137,201,128)
Dividends received	(14,474,391)	(20,832,826)
Other cash outflows	(50,507,831)	(29,080,692)
Sub-total of cash outflows	(401,918,058)	(340,802,442)
Net cash flows from operating activities	17,798,747	4,157,190
2. Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment	30,010,000	447,095
Proceeds from the sale of investments	96,370	-
Proceeds from the sale of other assets	3,870,905	-
Payments for the acquisition of property, plant and equipment	-	1,833,758
Payments for the acquisition of investments	-	2,555,426
Payments for the acquisition of other assets		
Sub-total of cash inflows	33,977,275	4,836,279
Payments for:		
Acquisition of property, plant and equipment	(67,075,009)	(63,099,075)
Acquisition of investments	(15,145,000)	(13,020,000)
Acquisition of other assets	(25,593,510)	(1,246,349)
Other cash outflows	(2,600,000)	(3,351,048)
Sub-total of cash outflows	(110,413,519)	(80,716,472)
Net cash flows used in investing activities	(76,436,244)	(75,880,193)

11.2.4 Interim Consolidated Statement of Changes in Shareholders' Equity

(Amounts in thousands of U.S. dollars)

	Equity attributable to shareholders of the parent company					Non-controlling interests	Total shareholders' equity
	Share capital	Capital surplus	Less: Treasury stock	Surplus reserve	Retained earnings		
Balance at January 1, 2020	<u>75,500,000</u>	<u>824,715,445</u>	<u>(21,721,144)</u>	<u>33,189,321</u>	<u>252,800,715</u>	<u>97,024,925</u>	<u>1,261,509,262</u>
Net income	-	-	-	-	36,409,947	(7,508,712)	28,901,235
Dividends paid	-	-	-	-	-	21,771,500	21,771,500
Share-based compensation	-	3,914,851	(1,590,000)	-	-	-	2,324,851
Share repurchases	-	(2,253,553)	-	-	-	(1,709,223)	(3,962,776)
Other	-	-	(14,506,364)	-	-	-	(14,506,364)

11.3 Notes to the Interim Financial Statement Prepared in accordance with the China Accounting Standard for Business Enterprises

11.3.1 Accounts Receivable

(Amount in thousands of RMB)

	June 30, 2020 (Unaudited)	June 30, 2019 (Audited)
Accounts receivable	6,750,000	8,250,000
Allowance for doubtful accounts	384,779,056	330,174,215
Accounts receivable, net	391,529,056	338,424,215
Less: Accounts receivable, net of allowance for doubtful accounts	(38,883,916)	(27,903,603)
	352,645,140	310,520,612

The accounts receivable as of June 30, 2020 and June 30, 2019 are classified as follows:

	June 30, 2020 (Unaudited)	June 30, 2019 (Audited)
1. Within 1 year	307,256,118	266,932,953
1. 2 years	54,328,309	57,988,407
2. 3 years	24,130,088	13,089,001
3 years or more	5,814,541	413,854
	391,529,056	338,424,215

Accounts receivable are classified into three categories: (1) accounts receivable arising from the sale of goods; (2) accounts receivable arising from the sale of services; and (3) accounts receivable arising from the sale of other goods.

11.3.2 Accounts Payable

(All figures are in thousands of dollars)

The following table sets forth the components of accounts payable as of June 30, 2020 and June 30, 2019.

	June 30, 2020 (Unaudited)	June 30, 2019 (Audited)
Accounts payable	54,973,453	65,881,555
Accounts receivable	5,224,098	7,479,995
Prepaid expenses	2,277,029	1,381,101
Other assets	578,371	506,880
Other liabilities	276,874	94,816
Other equity	235,714	210,613
	<u>63,565,539</u>	<u>75,554,960</u>

11.3.3 Revenue and Cost of Sales

(All figures are in thousands of dollars)

	For the six months ended June 30,	
	2020 (Unaudited)	2019 (Audited)
Revenue	438,885,748	360,209,402
Cost of sales	26,264,704	18,700,889
	<u>465,150,452</u>	<u>378,910,291</u>
Operating income	323,463,045	279,933,288
Other income	13,401,709	6,948,895
	<u>336,864,754</u>	<u>286,882,183</u>

Revenue and cost of sales from main operations

(Amount in thousands of Philippine pesos)

	For the six months ended June 30, 2020	
	(Unaudited) Revenue from main operations	(Unaudited) Cost of sales from main operations
Revenue from sales of finished goods	101,134,489	86,044,257
Revenue from sales of raw materials	337,751,259	237,418,788
	<u>438,885,748</u>	<u>323,463,045</u>
	For the six months ended June 30, 2019	
	(Unaudited) Revenue from main operations	(Unaudited) Cost of sales from main operations
Revenue from sales of finished goods	96,629,883	82,628,810
Revenue from sales of raw materials	263,579,519	197,304,478
	<u>360,209,402</u>	<u>279,933,288</u>

11.3.4 Earnings Per Share

(A) 11/1/2018 to 6/30/2020

() 11/1/2018 to 6/30/2020

	For the six months ended June 30,	
	2020 (Unaudited)	2019 ()
Net income	36,409,947	52,064,124
Weighted average number of shares outstanding	72,769,749	73,040,000
Earnings per share	0.50	0.71

() 11/1/2018 to 6/30/2020

13, 2018, 2,460,000

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30, 2020, 899,700

() 11/1/2018 to 6/30/2020

30, 2020, 36,409,947.

73,034,363. 0.50.

30, 2019, 52,064,124.

73,915,743. 0.70.

11.3.5 Income Tax Expense

(Amounts are in thousands of dollars)

	For the six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)
Income tax expense	23,778,834	14,824,769
Deferred income tax expense	(13,276,086)	(7,704,851)
	<u>10,502,748</u>	<u>7,119,918</u>

	For the six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)
Income tax expense	39,403,983	52,661,149
Deferred income tax expense	9,850,996	13,165,287
Income tax expense, net of 25% federal tax credit	579,650	1,158,271
Income tax expense, net of 25% federal tax credit, net of state and local taxes	121,674	119,184
Income tax expense, net of 25% federal tax credit, net of state and local taxes, net of federal tax credit	(490,212)	(431,227)
Income tax expense, net of 25% federal tax credit, net of state and local taxes, net of federal tax credit, net of state and local taxes	—	(318,561)
Income tax expense, net of 25% federal tax credit, net of state and local taxes, net of federal tax credit, net of state and local taxes, net of federal tax credit	440,640	51,944
Income tax expense, net of 25% federal tax credit, net of state and local taxes, net of federal tax credit, net of state and local taxes, net of federal tax credit, net of state and local taxes	—	(6,624,980)
	<u>10,502,748</u>	<u>7,119,918</u>

11.3.6 Dividends

For the six months ended June 30, 2020, the Company paid dividends of \$0.10 per share.

12 DEFINITIONS

A₁	(北京怡寧醫院有限公司), A₁ 17, 2015,
	(蒼南康寧醫院有限公司), 15, 2012,
	(長春康林心理醫院有限公司), 16, 2016,
	(: 2120)
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	(溫州怡寧老年醫院有限公司), 2, 2015,
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	A
	(淮南康寧醫院有限公司),
	22, 2017,
	(廊坊怡寧醫院有限公司,
	(廊坊市怡寧醫院管理有限公司)),
	2, 2015,
	A 2, 2020
	(台州市路橋慈寧醫院有限公司,
	(台州市路橋怡寧醫院有限公司)),
	12, 2016,
	A
	(青田康寧醫院有限公司),
	A 1, 2011,
	(衢州怡寧醫院有限公司),
	20, 2015,
	30, 2020

