溫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 *(RMB'000)* *(Unaudited)*	2019 *([illegible]'000)* *([illegible])*
[illegible]	**465,150**	378,910
[illegible]	**39,404**	52,661
[illegible]	**(10,503)**	(7,120)
[illegible]	**28,901**	45,541
[illegible]	**36,410**	52,064
[illegible]	**(7,509)**	(6,523)

	As at June 30, 2020 *(RMB'000)* *(Unaudited)*	A[illegible] [illegible] 31, 2019 *([illegible]'000)* *(A[illegible])*
[illegible]	**2,274,908**	2,117,352
[illegible]	**960,485**	855,843
[illegible]	**1,314,423**	1,261,509
[illegible]	**1,186,459**	1,164,484
[illegible]	**127,964**	97,025

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review

[illegible] 465.2 [illegible] 22.8% [illegible] 2019. A [illegible] 438.9 [illegible] 21.8% [illegible] 2019. [illegible] 26.3% ([illegible] 30, 2019: 22.3%). A [illegible] 128.3 [illegible] 39.4% [illegible] 2019. [illegible] 36.4 [illegible] 30.1% [illegible] 2019, [illegible] 26.2 [illegible] 2019, [illegible] 13.3 [illegible] 4.8 [illegible] 2019 [illegible] 109.9%.

4.1.1 Revenue and Cost of Revenue

[illegible]

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

[illegible]

	For the six months ended June 30, 2020 (Unaudited)	2019 ([illegible])
Inpatients		
[illegible]	**6,853**	5,593
[illegible]	**1,240,393**	1,012,333
[illegible] *(%)*	**83.1**	84.9
[illegible]	**1,030,392**	859,061
[illegible] *(’000)*	**324,990**	251,945
A [illegible] *( )*	**315**	293
[illegible] *(’000)*	**53,841**	50,926
A [illegible] *( )*	**52**	59
Total inpatient revenue *(RMB’000)*	**378,831**	302,871
Total average inpatient spending per bed-day *(RMB)*	**368**	353
Outpatients		
[illegible]	**125,852**	105,986
[illegible] *(’000)*	**12,761**	11,635
A [illegible] *( )*	**101**	110
[illegible] *(’000)*	**47,294**	45,704
A [illegible] *( )*	**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 25.1% 2019, ( ) 19.9% ( ) 4.2%. 86.3% (30, 2019: 84.1%).

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

28.1% 2019, 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)	( )
	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

323.5 15.6%
2019,
( )
28.1%
2019; ( )
; ( )

34.7% (
30, 2019: 36.4%).
34.0% (30,
2019: 32.5%).

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

0.9

1.0

4.1.9 Credit Impairment Losses

16.1

30, 2019: 10.7), 3.5%

30, 2019: 2.8%). A

30, 2020 31, 2019,

30.3 21.4

8.6% 7.1%

4.1.10 Non-Operating Income (Expenses) and Other Gains

4.1.11 Income Tax Expense

10.5 (30, 2019: 7.1), 47.5% 2019. 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: 21.0); ( ) 2.6 (31, 2019: 2.6), 2701, 2806, 2807 2808 :

	2701, 2806, 2807 2808
A	
	75%
(A) ( )	19.3
(A) ( )	325.73
	30, 2017

4.2.2 Accounts Receivables

A 30, 2020, 352.6 (31, 2019: 310.5), 322.5 14.5% 31, 2019, 2019,

133 (30, 2019: 146).

4.2.3 Other Receivables and Prepayments

A 30, 2020, 88.4 (31, 2019: 68.7).

4.2.4 Investment Properties

A 30, 2020, 107.1 (31, 2019: 110.9), (302, 303 304) II (2/ 11/)

	(302, 303 304)
A	
	75%
(A) ( )	1,959.41
(A) ( )	6,766,36

29, 2043,

462.9( )24 (2/ 11/) (15)

4.2.8 Contract Liability

A[illegible] 30, 2020, [illegible] 10.8 [illegible] ([illegible] 31, 2019: [illegible] 8.6 [illegible]).

4.2.9 Other Payables

A[illegible] 30, 2020, [illegible] 93.5 [illegible] ([illegible] 31, 2019: [illegible] 133.3 [illegible]).

4.3 Liquidity and Capital Resources

[illegible]:

	For the six months ended June 30,	
	2020	2019
	(RMB'000)	*([illegible]'000)*
	(Unaudited)	*([illegible])*
[illegible]	**17,799**	4,157
[illegible]	**(76,436)**	(75,880)
[illegible] /([illegible]) [illegible]	**94,945**	(25,941)
[illegible] /([illegible]) [illegible]	**36,424**	(98,423)

4.3.1 Net Cash Generated from Operating Activities

[illegible] 17.8 [illegible] 28.9 [illegible] 16.1 [illegible] 60.0 [illegible] 90.9 [illegible] 14.5 [illegible].

4.3.2 Net Cash Used in Investing Activities

[illegible] 76.4 [illegible] 67.1 [illegible] & [illegible].

4.3.3 Net Cash Generated from Financing Activities

[illegible] 94.9 [illegible] 163.5 [illegible] 39.1 [illegible]

4.3.4 Significant Investment, Acquisition and Disposal

[illegible] 30, 2020.

4.4 Indebtedness

4.4.1 Bank Borrowings

A[illegible] 30, 2020, [illegible] 473.5 [illegible] ([illegible] 31, 2019: [illegible] 310.0 [illegible]), [illegible] 201.0 [illegible] 364.5 [illegible]

4.4.2 Contingent Liability

A[illegible] 30, 2020, [illegible]

4.4.3 Asset Pledge

[illegible] A[illegible] 30, 2020, [illegible]

4.4.4 Lease Liabilities

[illegible] A[illegible] 30, 2020, [illegible] 24.2 [illegible] 186.0 [illegible]

4.4.5 Financial Instruments

[illegible]

4.4.6 Exposure to Fluctuation in Exchange Rates

30, 2020,

4.4.7 Gearing Ratio

A 30, 2020, ( ) 42.2% (31, 2019: 40.4%).

4.4.8 Employees and Remuneration Policy

A 30, 2020, 3,136 (31, 2019: 2,845). ( ) 149.5 (30, 2019: 128.1). 98.2 ( ).

2018 2017 13, 2018 (**2017 AGM**). 29, 2018 30, 2018.

A 2017 A 8 A 20, 2018, 165 1,818,529

A [illegible] 15 [illegible] A [illegible] 26, 2019, [illegible] 37 [illegible] 273,161 [illegible] A [illegible] 14 [illegible] 23 [illegible] 180,516 [illegible] 0.2391% [illegible] ([illegible] 10.47 [illegible]).

Category of personnel	Number of persons granted *(person)*	Number of Shares granted *(Share)*	Number of grant representing total issued share capital of the Company
[illegible]	17	142,311	0.1885%
[illegible]	6	38,204	0.0506%
[illegible]	23	180,516	0.2391%

[illegible]

[illegible] (溫州箴言康寧投資管理合夥企業(有限合夥)) [illegible]

[illegible] 48 [illegible]

[illegible] 48 [illegible]

5 PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

[illegible] 899,700 [illegible] ([illegible]) [illegible] $15,888,990. [illegible]:

Re-purchase period	Total number of H Shares re-purchased	Price paid per share Highest	Lowest	Total consideration
		($)	($)	($)
[illegible] 2020	35,000	17.90	17.80	624,200
A[illegible] 2020	715,200	18.56	17.70	12,993,510
[illegible] 2020	9,400	16.00	15.80	148,540
[illegible] 2020	140,100	15.30	14.70	2,122,740
	899,700			**15,888,990**

[illegible] 13, 2020.

[illegible]

6 EVENTS AFTER THE REPORTING PERIOD

[illegible] 30, 2020 [illegible]

7 REVIEW OF INTERIM RESULTS

A ... 30, 2020, ...

A ... (... A ...), ... A ...

8 INTERIM DIVIDEND

... 30, 2020 (... 30, 2019: ...).

9 COMPLIANCE WITH CG CODE

...

10 ACCOUNTING STANDARDS

... A ... 2017, ... (... 622 ...) (... **Companies Ordinance**).

11 FINANCIAL REPORT

11.1 Accounting Policies

... A ... (... **"Ministry of Finance"**) ... 15, 2006.

... A ... 32 ...

... 2019. ... 2019 ...

...

... 2016. ...

11.2 Interim Financial Statement

A [illegible]:

11.2.1 Interim Consolidated Income Statement

(A[illegible])

	For the six months ended June 30, **2020** *(Unaudited)*	2019 *([illegible])*
1. Revenue	**465,150,452**	378,910,291
[illegible]:	**(336,864,754)**	(286,882,183)
[illegible]	**(1,999,246)**	(831,972)
[illegible]	**(3,697,157)**	(4,476,806)
[illegible]	**(54,639,015)**	(52,890,346)
[illegible]	**(2,637,407)**	(2,304,024)
[illegible]	**(11,846,196)**	(10,198,874)
[illegible]:	**(14,086,629)**	(11,068,131)
[illegible]	**2,454,371**	1,925,426
A[illegible]:	**5,443,616**	6,567,461
[illegible] ([illegible])/[illegible]	**(923,557)**	23,549,073
[illegible]: [illegible]	**(1,019,927)**	(2,525,317)
[illegible]	**(16,112,650)**	(10,730,916)
[illegible]	**–**	(18,587)

10,730,916)

11.2.2 Interim Consolidated Statement of Financial Position

(A[illegible])

ASSETS	June 30, 2020 *(Unaudited)*	[illegible] 31, 2019 *(A[illegible])*
Current assets		
[illegible]	**216,156,858**	176,030,550
[illegible]	**–**	30,000,000
A[illegible]	**352,645,140**	310,520,612
[illegible]	**76,843,282**	63,317,366
A[illegible]	**11,516,259**	5,366,020
[illegible]	**33,858,107**	23,568,236
[illegible]	**–**	12,688,704
Total current assets	**691,019,646**	621,491,488
Non-current assets		
[illegible]	**51,281,869**	51,281,869
[illegible]	**94,068,266**	89,943,193

LIABILITIES AND SHAREHOLDERS' EQUITY	**June 30, 2020** ***(Unaudited)***	[illegible] 31, 2019 *(A[illegible])*
Current liabilities		
[illegible]	**332,500,000**	250,000,000
[illegible]	**576,686**	[illegible]
A[illegible]	**63,565,539**	75,554,960
[illegible]	**10,772,528**	8,562,126
[illegible]	**23,923,352**	36,063,277
[illegible]	**44,736,621**	33,430,060
[illegible]	**93,516,092**	133,348,712
[illegible]	**66,053,557**	79,741,922
Total current liabilities	**635,644,375**	616,701,057
Non-current liabilities		
[illegible]	**100,500,000**	20,000,000
[illegible]	**186,013,332**	183,808,151
[illegible]	**580,000**	2,260,000
[illegible]	**2,000,000**	2,000,000
[illegible]	**9,797,371**	9,949,267
[illegible]	**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		
[illegible]	**75,500,000**	75,500,000
[illegible]	**826,376,743**	824,715,445
[illegible]	**(37,817,508)**	(21,721,144)
[illegible]	**33,189,321**	33,189,321
[illegible]	**289,210,662**	252,800,715
Total equity attributable to shareholders of the parent company	**1,186,459,218**	1,164,484,337
[illegible]	**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*

([illegible])

		For the six months ended June 30,	
		2020	2019
		(Unaudited)	*([illegible])*
1.	**Cash flows from operating activities**		
	[illegible]	**411,405,749**	337,771,543
	[illegible]	**8,311,056**	7,188,089
	Sub-total of cash inflows	**419,716,805**	344,959,632
	[illegible]	**(174,912,876)**	(153,687,796)
	[illegible]	**(162,022,960)**	(137,201,128)
	[illegible]	**(14,474,391)**	(20,832,826)
	[illegible]	**(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**		
	[illegible]	**30,010,000**	447,095
	[illegible]	**96,370**	–
	[illegible]	**3,870,905**	–
	[illegible]	**–**	1,833,758
	[illegible]	**–**	2,555,426
	Sub-total of cash inflows	**33,977,275**	4,836,279
	[illegible]	**(67,075,009)**	(63,099,075)
	[illegible]	**(15,145,000)**	(13,020,000)
	[illegible]	**(25,593,510)**	(1,246,349)
	[illegible]	**(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)

		For the six months ended June 30,	
		2020	2019
		(Unaudited)	*([illegible])*
3.	**Cash flows from financing activities**		
	[illegible]	**23,361,500**	4,245,000
	[illegible]	**21,771,500**	4,245,000
	[illegible]	**367,285,789**	170,000,000
	[illegible]	**–**	–
	Sub-total of cash inflows	**390,647,289**	174,245,000
	[illegible]	**(201,900,000)**	(146,000,000)
	[illegible]	**(8,241,036)**	(6,647,896)
	[illegible]	**(85,561,157)**	(47,538,263)
	Sub-total of cash outflows	**(295,702,193)**	(200,186,159)
	Net cash flows generated from/(used in) financing activities	**94,945,096**	(25,941,159)
4.	**Effect of foreign exchange rate changes on cash and cash equivalents**	**116,743**	(758,597)
5.	**Net increase/(decrease) in cash and cash equivalents**	**36,424,342**	(98,422,759)

11.2.4 *Interim Consolidated Statement of Changes in Shareholders' Equity*

(A [illegible])

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

(A[illegible])

	June 30, 2020 *(Unaudited)*	[illegible] 31, 2019 *(A[illegible])*
[illegible]	**6,750,000**	8,250,000
[illegible]	**384,779,056**	330,174,215
[illegible]	**391,529,056**	338,424,215
[illegible]	**(38,883,916)**	(27,903,603)
	352,645,140	310,520,612

[illegible] 30, 2020 [illegible] 31, 2019 [illegible]:

	June 30, 2020 *(Unaudited)*	[illegible] 31, 2019 *(A[illegible])*
[illegible] 1 [illegible]	**307,256,118**	266,932,953
1 [illegible] 2 [illegible]	**54,328,309**	57,988,407
2 [illegible] 3 [illegible]	**24,130,088**	13,089,001
[illegible] 3 [illegible]	**5,814,541**	413,854
	391,529,056	338,424,215

A [illegible]

11.3.2 Accounts Payable

(A[illegible])

[illegible] 30, 2020 [illegible] 31, 2019 [illegible]:

	June 30, 2020 *(Unaudited)*	[illegible] 31, 2019 *(A[illegible])*
[illegible] 3 [illegible]	**54,973,453**	65,881,555
3 [illegible] 6 [illegible]	**5,224,098**	7,479,995
6 [illegible] 1 [illegible]	**2,277,029**	1,381,101
1 [illegible] 2 [illegible]	**578,371**	506,880
2 [illegible] 3 [illegible]	**276,874**	94,816
[illegible] 3 [illegible]	**235,714**	210,613
	63,565,539	75,554,960

11.3.3 Revenue and Cost of Sales

(A[illegible])

	For the six months ended June 30,	
	2020 *(Unaudited)*	2019 *([illegible])*
[illegible]	**438,885,748**	360,209,402
[illegible]	**26,264,704**	18,700,889
	465,150,452	378,910,291
[illegible]	**323,463,045**	279,933,288
[illegible]	**13,401,709**	6,948,895
	336,864,754	286,882,183

Revenue and cost of sales from main operations

(A[illegible])

	For the six months ended June 30, 2020	
	(Unaudited) **Revenue from main operations**	*(Unaudited)* **Cost of sales from main operations**
[illegible]	**101,134,489**	**86,044,257**
[illegible]	**337,751,259**	**237,418,788**
	438,885,748	**323,463,045**

	[illegible] 30, 2019	
	([illegible]) [illegible]	*([illegible])* [illegible]
[illegible]	96,629,883	82,628,810
[illegible]	263,579,519	197,304,478
	360,209,402	279,933,288

11.3.4 Earnings Per Share

(A [illegible])

( ) [illegible]

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	*([illegible])*
[illegible] ( )[( )]	**36,409,947**	52,064,124
[illegible] (,)[( )]	**72,769,749**	73,040,000
[illegible] ( )	**0.50**	0.71

( ) [illegible] 13, 2018, [illegible] 2,460,000 [illegible] A [illegible] A [illegible] 7, 2,460,000 [illegible] 30, 2020.

[illegible] 30, 2020, [illegible] 899,700 [illegible]

( ) [illegible]

[illegible] 30, 2020, [illegible] 36,409,947. [illegible] 73,034,363. [illegible] 0.50. [illegible] 30, 2019, [illegible] 52,064,124. [illegible] 73,915,743. [illegible] 0.70.

11.3.5 Income Tax Expense

[illegible]

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	[illegible]
[illegible]	**23,778,834**	14,824,769
[illegible]	**(13,276,086)**	(7,704,851)
	10,502,748	7,119,918

[illegible]

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	[illegible]
[illegible]	**39,403,983**	52,661,149
[illegible] 25%	**9,850,996**	13,165,287
[illegible]	**579,650**	1,158,271
[illegible]	**121,674**	119,184
A[illegible]	**(490,212)**	(431,227)
[illegible]	**–**	(318,561)
[illegible]	**440,640**	51,944
[illegible]	**–**	(6,624,980)
[illegible]	**10,502,748**	7,119,918

11.3.6 Dividends

[illegible] 30, 2020, [illegible] 0 1 [illegible] .70

12 DEFINITIONS

[illegible]	[illegible]
[illegible]	[illegible] (北京怡寧醫院有限公司), [illegible] 17, 2015, [illegible]
[illegible]	[illegible]
[illegible]	[illegible] (蒼南康寧醫院有限公司), [illegible] 15, 2012, [illegible]
[illegible]	[illegible] (長春康林心理醫院有限公司), [illegible] 16, 2016, [illegible]
[illegible]	[illegible] ([illegible]: 2120)
[illegible]	[illegible] A [illegible] 14 [illegible]
[illegible]( )–	[illegible]( ) [illegible]
[illegible]( )–	[illegible]( ) [illegible] 1.00 [illegible]
[illegible]	[illegible] (溫州怡寧老年醫院有限公司), [illegible] 2, 2015, [illegible]
[illegible]	[illegible]
[illegible]( )–	[illegible]( ) [illegible]

(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,

(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

(永嘉康寧醫院有限公司), ... 12, 2012, ...

Wenzhou Kangning Hospital Co., Ltd.
GUAN Weili

A... 28, 2020