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 (RMB'000) (Unaudited)
[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)	As at December 31, 2019 (RMB'000) (Audited)
[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

k , C ,
. A ,
+ ,

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review

B465.2 22.8% 2019. A B438.9 21.8% 2019. D 26.3% (30, 2019: 22.3%). A B128.3 39.4% 2019. D
C B36.4 30.1% 2019, B26.2 2019, B13.3
F B4.8 k 2019
C 109.9%.

4.1.1 Revenue and Cost of Revenue

: ( ) ; ( ) ; ( ) .

k :

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

k

	For the six months ended June 30,	
	2020	2019
	(RMB'000)	*(B'000)*
	(Unaudited)	
Treatment and general healthcare services		
	337,751	263,580
C	**237,419**	197,304
	100,332	66,276
Pharmaceutical sales		
	101,135	96,630
C	**86,044**	82,629
	15,091	14,001
Owned hospitals		
	438,886	360,210
C	**323,463**	279,933
	115,423	80,277

D B438.9 , B78.7 2019, C , C C 2019. D 43.8% 2019, [illegible] k [illegible] :

	For the six months ended June 30, 2020 *(Unaudited)*	2019 ([illegible])
Inpatients		
[illegible]	**6,853**	5,593
E[illegible]	**1,240,393**	1,012,333
[illegible] *(%)*	**83.1**	84.9
[illegible]	**1,030,392**	859,061
[illegible] *([illegible]B'000)*	**324,990**	251,945
A[illegible] *([illegible]B)*	**315**	293
[illegible] *([illegible]B'000)*	**53,841**	50,926
A[illegible] *([illegible]B)*	**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] *([illegible]B'000)*	**12,761**	11,635
A[illegible] *([illegible]B)*	**101**	110
[illegible] *([illegible]B'000)*	**47,294**	45,704
A[illegible] *([illegible]B)*	**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

D B378.8 , 25.1% 2019, : ( ) 19.9% C C ; ( ) 4.2%. 86.3% (30, 2019: 84.1%).

D B60.1 , 4.7% 2019, 18.7%. 13.7% (30, 2019: 15.9%).

D , 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%).

C , , , . k :

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

D , B323.5 , 15.6% 2019, : ( ) 28.1% 2019; ( ) ; ( ) .

F , 34.7% (30, 2019: 36.4%). 34.0% (30, 2019: 32.5%). 16.2% (30, 2019: 15.8%).

, , . D , B19.1 , B11.3 (30, 2019: B12.8); B5.8 (30, 2019:).

, , . D , B7.1 (30, 2019: B3.4), B3.9 .

4.1.2 Gross Profit and Gross Profit Margin

D ... , ... B128.3 ... , ... 39.4% ... 2019. ... B115.4 ... , ... 43.8% ... 2019. ... k ... :

	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%

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

4.1.3 Tax and Surcharge

D ... , ... B2.0 ... (... 30, 2019: B0.8 ...).

4.1.4 Selling Expenses

D ... , ... B3.7 ... (... 30, 2019: B4.5 ...), ... B0.8 ... 2019. ... 0.8% ... , ... (... 30, 2019: 1.2%).

4.1.5 Administrative Expenses

D , , k :

	For the six months ended June 30,	
	2020	2019
	(RMB'000)	*(B'000)*
	(Unaudited)	*( )*
E	**35,136**	33,962
D	**5,970**	5,709
C	**2,406**	3,976
	1,468	2,188
	9,659	7,055
Total administrative expenses	**54,639**	52,890

D , B54.6 , 3.3% 2019, 3.5% . D , 12.4% (30, 2019: 14.7%).

4.1.6 Research and Development Expenses

D , B2.6 (30, 2019: B2.3), 14.5% 2019. 0.6% (30, 2019: 0.6%).

4.1.7 Finance Expenses – Net

[illegible]

	For the six months ended June 30,	
	2020	2019
	(RMB'000)	*([illegible]B'000)*
	(Unaudited)	*([illegible])*
[illegible]	**2,454**	1,925
F[illegible]/([illegible])	**125**	(759)
B[illegible]	**(9,165)**	(3,520)
[illegible]	**(4,921)**	(5,706)

[illegible]

D ... B0.9 ... , ... B1.0 ... .

4.1.9 Credit Impairment Losses

D ... B16.1 ... (... 30, 2019: B10.7 ...), ... 3.5% ... (... 30, 2019: 2.8%). A ... 30, 2020 ... D ... 31, 2019, ... B30.3 ... B21.4 ... 8.6% ... 7.1% ... .

4.1.10 Non-Operating Income (Expenses) and Other Gains

...

4.1.11 Income Tax Expense

D ... B10.5 (... 30, 2019: B7.1), ... 47.5% ... 2019. F ... 30, 2019, ... 26.7% ... 13.5%, ... B ... 2019, ...

4.2 Financial Position

4.2.1 Inventory

A ... 30, 2020, ... B33.9 (... D ... 31, 2019: B23.6), ... : ( ) ... B31.3 (... D ... 31, 2019: B21.0); ( ) ... B2.6 (... D ... 31, 2019: B2.6), ... 2701, ... 2806, ... 2807 ... 2808 ... k ... B ... C ... E ... C ... :

C	2701, 2806, 2807 2808 k B C E C
A	E C , C , C , C
	75%
(A .) (. .)	19.3
(A .) (. .)	325.73
	C ,
	C
C	30, 2017

4.2.2 Accounts Receivables

A J 30, 2020, B352.6 (D 31, 2019: B310.5), B322.5 , 14.5% D 31, 2019, 2019, .

D , 133 (J 30, 2019: 146).

4.2.3 Other Receivables and Prepayments

A J 30, 2020, B88.4 (D 31, 2019: B68.7).

4.2.4 Investment Properties

A J 30, 2020, B107.1 (D 31, 2019: B110.9), k B C , E , C (302, 303 304) II k B C , E , C (2/F 11/F) . D , , :

	k B C , E , C (302, 303 304)
A	, E , C , C , C , , C
	75%
(A .) (. .)	1,959.41
(A .) (. .)	6,766,36

	- , 29, 2043,
	k B C , E , C (2/F 11/F)
A	, E , C , C , C , , C
	75%
(A .) (.)	6,602.26
(A .) (.)	11,850.34
	C ,
	- , 29, 2043,

4.2.5 Other Non-current Financial Assets

A 30, 2020, - B51.3 (D 31, 2019: B51.3). D , - .

4.2.6 Right-of-use Assets

A 30, 2020, - - B253.4 (D 31, 2019: B235.3), - - C .

4.2.7 Accounts Payables

A 30, 2020, B63.6 (D 31, 2019: B75.6).

4.2.8 Contract Liability

A [illegible] 30, 2020, [illegible] B10.8 [illegible] ([illegible] D [illegible] 31, 2019: [illegible] B8.6 [illegible]).

4.2.9 Other Payables

A [illegible] 30, 2020, [illegible] B93.5 [illegible] ([illegible] D [illegible] 31, 2019: [illegible] B133.3 [illegible]).

4.3 Liquidity and Capital Resources

[illegible]:

	For the six months ended June 30,	
	2020	2019
	(RMB'000)	*([illegible] B'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

D [illegible], [illegible] B17.8 [illegible], [illegible] B28.9 [illegible], [illegible] B16.1 [illegible] B60.0 [illegible], [illegible] k [illegible] B90.9 [illegible]. [illegible] B14.5 [illegible].

4.3.2 Net Cash Used in Investing Activities

D [illegible], [illegible] B76.4 [illegible], [illegible] B67.1 [illegible], [illegible], [illegible], [illegible] & [illegible] C [illegible].

4.3.3 Net Cash Generated from Financing Activities

D ... B94.9 ... , ... B163.5 ... k ... B39.1 ... .

4.3.4 Significant Investment, Acquisition and Disposal

... , ... 30, 2020.

4.4 Indebtedness

4.4.1 Bank Borrowings

A ... 30, 2020, ... k ... B473.5 ... (... D ... 31, 2019: B310.0 ...), ... B201.0 ... B364.5 ... .

4.4.2 Contingent Liability

A ... 30, 2020, ...

4.4.3 Asset Pledge

... , ... , ... , ... B ... C ... E ... C ... , ... C ... B k ... C ... .
A ... 30, 2020, ... C ... B k.

4.4.4 Lease Liabilities

... . A ... 30, 2020, ... - ... , ... B24.2 ... , ... B186.0 ... .

4.4.5 Financial Instruments

F ... , ... - ... , ... , ... , k ... , ... C ... ' ... k ... .

4.4.6 Exposure to Fluctuation in Exchange Rates

, k D B. k .

F 30, 2020, k . C k , .

4.4.7 Gearing Ratio

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

4.4.8 Employees and Remuneration Policy

A 30, 2020, 3,136 - (D 31, 2019: 2,845 -). D , ( ) B149.5 (30, 2019: B128.1). B98.2 ( ). , .

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

A 2017 A , 8 B C A 20, 2018, 165 , 1,818,529 .

A 15 , B C A , 26, 2019, , C , B , . , , 37 , , 273,161 . A 14 , , 23 , , , 180,516 , , 0.2391% C . , . (B10.47).

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

, C .

, . .(溫州箴言康寧投資管理合夥企業(有限合夥)) , .

k - , 48 , .

k , 48 .

5 PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

D , C 899,700 k E , ( ) $15,888,990. D :

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

13, 2020.

, , C , C .

6 EVENTS AFTER THE REPORTING PERIOD

F 30, 2020 , .

7 REVIEW OF INTERIM RESULTS

A C 30, 2020,

A C D (A C), D A

8 INTERIM DIVIDEND

B 30, 2020 (30, 2019:).

9 COMPLIANCE WITH CG CODE

C C C

10 ACCOUNTING STANDARDS

C C A B E 2017, C (C 622) (**Companies Ordinance**).

11 FINANCIAL REPORT

11.1 Accounting Policies

A B E B F C (**“Ministry of Finance”**) F 15, 2006.

A B E 32 F F

2019. 2019

C 2016. C

11.2 Interim Financial Statement

[illegible]

11.2.1 Interim Consolidated Income Statement

[illegible]

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	*[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
[illegible]	**5,443,616**	6,567,461
[illegible]	**(923,557)**	23,549,073
[illegible]	**(1,019,927)**	(2,525,317)
[illegible]	**(16,112,650)**	(10,730,916)
[illegible]	**–**	(18,587)

11.2.2 *Interim Consolidated Statement of Financial Position*

(A B)

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

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2020 *(Unaudited)*	D[illegible] 31, 2019 *(A[illegible])*
Current liabilities		
[illegible]	**332,500,000**	250,000,000
[illegible]	**576,686**	
A[illegible]	**63,565,539**	75,554,960
C[illegible]	**10,772,528**	8,562,126
E[illegible]	**23,923,352**	36,063,277
[illegible]	**44,736,621**	33,430,060
[illegible]	**93,516,092**	133,348,712
C[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
D[illegible]	**9,797,371**	9,949,267
D[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
C[illegible]	**826,376,743**	824,715,445
[illegible]k	**(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*

(A B)

		For the six months ended June 30,	
		2020	2019
		(Unaudited)	*( )*
1.	**Cash flows from operating activities**		
	C		
		411,405,749	337,771,543
	C	**8,311,056**	7,188,089
	Sub-total of cash inflows	**419,716,805**	344,959,632
	C	**(174,912,876)**	(153,687,796)
	C	**(162,022,960)**	(137,201,128)
		(14,474,391)	(20,832,826)
	C	**(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**		
	C	**30,010,000**	447,095
	C	**96,370**	
		3,870,905	
		–	1,833,758
	C	**–**	2,555,426
	Sub-total of cash inflows	**33,977,275**	4,836,279
	C	**(67,075,009)**	(63,099,075)
	C	**(15,145,000)**	(13,020,000)
		(25,593,510)	(1,246,349)
	C	**(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)	( )
3.	**Cash flows from financing activities**		
	C	**23,361,500**	4,245,000
	: C		
		21,771,500	4,245,000
	C	**367,285,789**	170,000,000
	C	**–**	
	Sub-total of cash inflows	**390,647,289**	174,245,000
	C	**(201,900,000)**	(146,000,000)
	C	**(8,241,036)**	(6,647,896)
	C	**(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 ... B ...)

	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
	-	-	-	-	36,409,947	(7,508,712)	28,901,235
	-	-	-	-	-	21,771,500	21,771,500
	-	3,914,851	(1,590,000)	-	-	-	2,324,851
	-	(2,253,553)	-	-	-	(1,709,223)	(3,962,776)
	-	-	(14,506,364)	-	-	-	(14,506,364)
B							
	-	-	-	-	-	18,385,531	18,385,531
Balance at June 30, 2020 (Unaudited)	75,500,000	826,376,743	(37,817,508)	33,189,321	289,210,662	127,964,021	1,314,423,239

	Equity attributable to shareholders of the parent company	
	Share capital	Capital

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 B)

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

J 30, 2020 D 31, 2019 :

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

A ’ , .

11.3.2 *Accounts Payable*

(A B)

J 30, 2020 D 31, 2019 :

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

11.3.3 *Revenue and Cost of Sales*

(A B)

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

Revenue and cost of sales from main operations

(A B)

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

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

11.3.4 Earnings Per Share

(A B)

( ) B

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

( ) F 13, 2018, C 2,460,000 D . A D k , A B *E* . *7*, 2,460,000 D C 30, 2020.

F 30, 2020, C 899,700 k , k C .

( ) D

D C . F 30, 2020, B36,409,947. 73,034,363. B0.50. F 30, 2019, B52,064,124. 73,915,743. B0.70.

11.3.5 Income Tax Expense

(A B)

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

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

11.3.6 Dividends

12 DEFINITIONS

A C — B

B — B C ., (北京怡寧醫院有限公司), C A 17, 2015, C

B — C

C — C C ., (蒼南康寧醫院有限公司), C 15, 2012, C

C — C C .,(長春康林心理醫院有限公司), C F 16, 2016, C

C — C ., k C, B k E (k C : 2120)

C C — C C A 14

D ( ) — ( ) C

D ( ) — ( ) C B1.00 B k

— C .,(溫州怡寧老年醫院有限公司), C 2, 2015, C

— C

( ) — ( ) C B1.00 B k E

$ D

A C

k E

k E k E

C ., . (淮南康寧醫院有限公司), C
22, 2017, C -

C ., . (廊坊怡寧醫院有限公司, k
C ., . (廊坊市怡寧醫院管理有限公司)), C
D 2, 2015, C
A 2, 2020

C C ., . (台州市路橋慈寧醫院有限公司, k
C ., . (台州市路橋怡寧醫院有限公司)), C
D 12, 2016, C -

A C

C C C

C ., . (青田康寧醫院有限公司), C
A 1, 2011, C -

C ., . (衢州怡寧醫院有限公司), C
20, 2015, C -

30, 2020

C ., . (永嘉康寧醫院有限公司), C
D 12, 2012, C

%

B B
Wenzhou Kangning Hospital Co., Ltd.
GUAN Weili
C

C
A 28, 2020

A , *C* *D* *A* *A* *A* ; - *D* *A* ; - *D* *A*