溫州康寧醫院股份有限公司

Wenzhou Kang[illegible]sp

(A joint stock limited liability company incorporated in the

2 FINANCIAL HIGHLIGHTS

2.1 Principal Financial Data and Indicators

	For the six months ended June 30,	
	2020	2019
	(RMB'000)	*([illegible]'000)*
	(Unaudited)	*([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	A[illegible] [illegible] 31, 2019
	(RMB'000)	*([illegible]'000)*
	(Unaudited)	*(A[illegible])*
T[illegible]	**2,274,908**	2,117,352
T[illegible]	**960,485**	855,843
T[illegible]	**1,314,423**	1,261,509
[illegible]	**1,186,459**	1,164,484
[illegible]	**127,964**	97,025

k . A. + –, –,

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review

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

4.1.1 Revenue and Cost of Revenue

: ( ) ; ( ) ; ( )

k :

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

[illegible]

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	*([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] *([illegible]'000)*	**324,990**	251,945
A[illegible] *([illegible])*	**315**	293
[illegible] *([illegible]'000)*	**53,841**	50,926
A[illegible] *([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] *([illegible]'000)*	**12,761**	11,635
A[illegible] *([illegible])*	**101**	110
[illegible] *([illegible]'000)*	**47,294**	45,704
A[illegible] *([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, (i) 19.9% (ii) 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%).

k :

	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. 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%

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 k :

	2701, 2806, 2807 2808 k
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), k (302, 303 304) II k (2/ 11/) :

	k (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

T[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], [illegible] 28.9 [illegible], [illegible] 16.1 [illegible] 60.0 [illegible] k[illegible] 90.9 [illegible] 14.5 [illegible].

4.3.2 Net Cash Used in Investing Activities

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

4.3.3 Net Cash Generated from Financing Activities

94.9 , 163.5 k 39.1

4.3.4 Significant Investment, Acquisition and Disposal

30, 2020.

4.4 Indebtedness

4.4.1 Bank Borrowings

A 30, 2020, k 473.5 (31, 2019: 310.0), 201.0 364.5

4.4.2 Contingent Liability

A 30, 2020,

4.4.3 Asset Pledge

k A 30, 2020, k.

4.4.4 Lease Liabilities

A 30, 2020, 24.2 , 186.0

4.4.5 Financial Instruments

, , k , k

4.4.6 Exposure to Fluctuation in Exchange Rates

T ... k ... k ... T ... k .

... 30, 2020, ... k . T ... k ... , ...

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 ...). T ... 98.2 ... (...). T ... , ...

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

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

A 15.

A 26, 2019,

37

273,161 A 14

23 ,

180,516 , 0.2391%

(10.47).

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

.(溫州箴言康寧投資管理合夥企業(有限合夥))

48 ,

48

5 PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

Re purchase period	Total number of H Shares re purchased	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**

T 13, 2020.

, , .

6 EVENTS AFTER THE REPORTING PERIOD

30, 2020 ,

7 REVIEW OF INTERIM RESULTS

T A ... 30, 2020, ...

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

8 INTERIM DIVIDEND

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

9 COMPLIANCE WITH CG CODE

T ...

10 ACCOUNTING STANDARDS

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

11 FINANCIAL REPORT

11.1 Accounting Policies

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

T ... A ... 32 ...

T ... 2019. T ... 2019 ...

T ...

T ... 2016. ...

11.2 Interim Financial Statement

[illegible]

11.2.1 Interim Consolidated Income Statement

([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
	[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[illegible])

ASSETS	June 30, 2020 (Unaudited)	[illegible] 31, 2019 (A[illegible])
Current assets		
[illegible] k [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

352,645,140 [illegible] 1 ,0 13 -04 7 1 1 ,128,30 (352,645,140) 1 1 1 784591 0

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2020 *(Unaudited)*	[illegible] 31, 2019 *([illegible])*
Current liabilities		
[illegible]	**332,500,000**	250,000,000
[illegible]	**576,686**	[illegible]
[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

(A [illegible])

		For the six months ended June 30,	
		2020	2019
		(Unaudited)	*([illegible])*
1.	**Cash flows from operating activities**		
		411,405,749	337,771,543
		8,311,056	7,188,089
	Sub-total of cash inflows	**419,716,805**	344,959,632
		(174,912,876)	(153,687,796)
		(162,022,960)	(137,201,128)
		(14,474,391)	(20,832,826)
		(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**		
		30,010,000	447,095
		96,370	–
		3,870,905	–
		–	1,833,758
		–	2,555,426
	Sub-total of cash inflows	**33,977,275**	4,836,279
		(67,075,009)	(63,099,075)
		(15,145,000)	(13,020,000)
		(25,593,510)	(1,246,349)
		(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 (Unaudited)	2019 ([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]	**–**	[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]: [illegible]	**(38,883,916)**	(27,903,603)
	352,645,140	310,520,612

T[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)

T 30, 2020 31, 2019 :

	June 30, 2020 (Unaudited)	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)

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	*( )*
	438,885,748	360,209,402
	26,264,704	18,700,889
	465,150,452	378,910,291
	323,463,045	279,933,288
	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)

( )

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

(.) 13, 2018, 2,460,000 A k, A 7, 2,460,000 30, 2020.

30, 2020, 899,700 k., k

( )

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

(A

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	
[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]	**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

12 DEFINITIONS

A

(北京怡寧醫院有限公司),

A 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,

k

k (k : 2120)

A 14

( )

( )

( ) 1.00 ,

k

(溫州怡寧老年醫院有限公司),

2, 2015,

( )

( )

$– –

– A

–

k – k

– (淮南康寧醫院有限公司), 22, 2017,

– (廊坊怡寧醫院有限公司, k (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, k (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

–

(永嘉康寧醫院有限公司), 12, 2012,

%–

Wenzhou Kangning Hospital Co., Ltd.
GUAN Weili

A 28, 2020

A A A A A