E C T S E

w w w

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

	As at June 30,	A D 31,
	2020	2019
	(RMB'000)	*(B'000)*
	(Unaudited)	*(A)*
T	**2,274,908**	2,117,352
T	**960,485**	855,843
T	**1,314,423**	1,261,509
E C	**1,186,459**	1,164,484
-	**127,964**	97,025

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review

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

4.1.1 Revenue and Cost of Revenue

w w : ( ) w ; ( ) ; ( ) .

w w :

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

w

w ,
,
. T w
w , w
:

	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 , ' w B438.9 , B78.7 w W 2019, , C , w , W , , C C w 2019. D , ' w 43.8% w 2019, - - .

T w w ’ w
, w :

	For the six months ended June 30, 2020 *(Unaudited)*	2019 *( )*
Inpatients		
	6,853	5,593
E -	**1,240,393**	1,012,333
(%)	**83.1**	84.9
T -	**1,030,392**	859,061
T *(B’000)*	**324,990**	251,945
A - *(B)*	**315**	293
(B’000)	**53,841**	50,926
A - *(B)*	**52**	59
Total inpatient revenue *(RMB’000)*	**378,831**	302,871
Total average inpatient spending per bed-day *(RMB)*	**368**	353
Outpatients		
	125,852	105,986
T *(B’000)*	**12,761**	11,635
A *(B)*	**101**	110
(B’000)	**47,294**	45,704
A *(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% w 2019,
: ( ) , - 19.9%
- C ,
, C ; ( )
- , w 4.2%.
w
86.3% (30, 2019: 84.1%).

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

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

C ' w
, , - -
, , .
w w ' w
:

	For the six months ended June 30, 2020 (RMB'000) (Unaudited)	2019 (B'000) ( )
	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 , ' w
B323.5 , 15.6% w
2019, w w w
w . w : ( ) w
, 28.1%
w 2019; ( )
w w
w w ; ( ) w
- - w w
w .

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

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

T ' ,
, . D ,
B7.1 (30, 2019: B3.4
),
W
B3.9 w .

4.1.2 Gross Profit and Gross Profit Margin

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

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

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

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), w B0.8 w 2019. 0.8% , w (30, 2019: 1.2%).

4.1.5 Administrative Expenses

D , , . T w w :

	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
T	**1,468**	2,188
	9,659	7,055
Total administrative expenses	**54,639**	52,890

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

4.1.6 Research and Development Expenses

D , ' B2.6 (30, 2019: B2.3), 14.5% w 2019. T w w 0.6% (30, 2019: 0.6%).

4.1.7 Finance Expenses – Net

, , w

,

\- . T w

w :

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

T226 TT18 1 Tf7.025 Tc -0.025 Tw 14.85 0 Td((71,84))T35.062 -1.167 Td(TOhe r)TT1 1

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, , w B30.3 B21.4 8.6% 7.1% w .

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% w 2019. F 30, 2019, w 26.7% 13.5%, . T w B 2019, , w .

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 B C E C . T w :

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

4.2.2 Accounts Receivables

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

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

4.2.3 Other Receivables and Prepayments

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

4.2.4 Investment Properties

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

W
W B C
E C
(302, 303 304)

A W
E C , C ,
W C , , S C

75%

(A .) (S . .) 1,959.41

T (A .) (S . .) 6,766,36

\-

- w ,

29, 2043,

B C

E C

(2/F 11/F)

A

C , C ,

C , , C

75%

(A .) (. .) 6,602.26

(A .) (. .) 11,850.34

C ,

- w ,

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, - - w 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 30, 2020, B10.8 (D 31, 2019: B8.6).

4.2.9 Other Payables

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

4.3 Liquidity and Capital Resources

T w w :

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

4.3.1 Net Cash Generated from Operating Activities

D , B17.8 , B28.9 , B16.1 B60.0 W , w w B90.9 . w B14.5 .

4.3.2 Net Cash Used in Investing Activities

D , B76.4 , B67.1 , , , & C .

4.3.3 Net Cash Generated from Financing Activities

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

4.3.4 Significant Investment, Acquisition and Disposal

T ,
30, 2020.

4.4 Indebtedness

4.4.1 Bank Borrowings

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

4.4.2 Contingent Liability

A 30, 2020, w
.

4.4.3 Asset Pledge

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

4.4.4 Lease Liabilities

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

4.4.5 Financial Instruments

F , -
, , , w ,
. T C ,
.

4.4.6 Exposure to Fluctuation in Exchange Rates

T , w
D B. T
.

F 30, 2020,
. T
C
, w
.

4.4.7 Gearing Ratio

A 30, 2020, ' ( )
w 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). T ' B98.2
( ).
T w
, .

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

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

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

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 w ,	17	142,311	0.1885%
B ,	6	38,204	0.0506%
T	23	180,516	0.2391%

T C .
S S W

T S S
.(溫州箴言康寧投資管理合夥企業(有限合夥))
w .
S .

T - 48 ,
S .
S
48
S .

5 PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

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**

T w 13, 2020.

, , C , C , .

6 EVENTS AFTER THE REPORTING PERIOD

F 30, 2020 , .

7 REVIEW OF INTERIM RESULTS

T A C w ' 30, 2020, , w , .

T A C w - D , . (A C), . , - D , . A .

8 INTERIM DIVIDEND

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

9 COMPLIANCE WITH CG CODE

T C w C C .

10 ACCOUNTING STANDARDS

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

11 FINANCIAL REPORT

11.1 Accounting Policies

T w A B E B F C (**"Ministry of Finance"**) F 15, 2006.

T w A B E . 32 F F .

T ' w 2019. T w 2019 .

T .

T C 2016. w C .

11.2 Interim Financial Statement

T F w C
A B E w :

11.2.1 Interim Consolidated Income Statement

(A B w)

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

11.2.2 Interim Consolidated Statement of Financial Position

(A B w)

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

		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 (Unaudited)	2019 ( )
3.	**Cash flows from financing activities**		
	C	**23,361,500**	4,245,000
	: C		
	-		
		21,771,500	4,245,000
	C w	**367,285,789**	170,000,000
	C	**–**	
	Sub-total of cash inflows	**390,647,289**	174,245,000
	C w	**(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 w)

	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
C	-	-	-	-	-	21,771,500	21,771,500
- S ,	-	3,914,851	(1,590,000)	-	-	-	2,324,851
T w -	-	(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	[illegible]

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 w)

	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
S :	**(38,883,916)**	(27,903,603)
	352,645,140	310,520,612

T 30, 2020 D 31, 2019 w :

	June 30, 2020 *(Unaudited)*	D 31, 2019 *(A)*
W 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 w)

T 30, 2020 D 31, 2019
w :

	June 30, 2020	D 31, 2019
	(Unaudited)	*(A)*
W		
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 w)

	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
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 w)

	For the six months ended June 30, 2020	
	(Unaudited)	**(Unaudited)**
	Revenue from main operations	**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**

	F 30, 2019	
	( )	( )
[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 B w)

( ) B

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

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

F 30, 2020, C 899,700 S , w C .

( ) D

D

w C . F 30, 2020,

w B36,409,947. T w w 73,034,363. T w B0.50. F 30, 2019,

w B52,064,124. T w w 73,915,743. T w B0.70.

11.3.5 Income Tax Expense

(A B w)

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

T

w:

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	*( )*
T	**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 w w	**440,640**	51,944
T w w	**–**	(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 w , A 17, 2015, C ' -w w

B C

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

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

C C ., ., w C, w B E (C : 2120)

C C C C A 14

D ( ) ( ) C

D ( ) ( ) C , w B1.00 , w B w

C ., . (溫州怡寧老年醫院有限公司), C w 2, 2015, w - w C , ,

w C

( ) ( ) C , w B1.00 , B E

$ D , w

A C

E , , w

E E

C ., . (淮南康寧醫院有限公司), C w

22, 2017, C , -

w w

C ., . (廊坊怡寧醫院有限公司, w

C ., . (廊坊市怡寧醫院管理有限公司)), C w

D 2, 2015, C , w w ,

A 2, 2020

C C C ., . (台州市路橋慈寧醫院有限公司, w

C ., . (台州市路橋怡寧醫院有限公司)), C w

D 12, 2016, C , -

w w

A C

C C , C w , , ,

w

C ., . (青田康寧醫院有限公司), C w

A 1, 2011, C , w - w

C ., . (衢州怡寧醫院有限公司), C w

20, 2015, C , -

w w

30, 2020

C ., . (永嘉康寧醫院有限公
司), C w
D 12, 2012, C ' w w

%

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

, C
A 28, 2020

W A W , C ' D . A , .
A . A ; - D . A
W . ; - D . A , .
. .