[illegible]

溫州康寧醫院股份有限公司
Wenzhou Kangning Hospital Co., Ltd.
(A joint stock limited liability company incorporated in the People's Republic of China)
Stock code: 2120

Interim Results Announcement For the Six Months Ended June 30, 2017

1 INTRODUCTION

1.1 [illegible] B [illegible] 30, 2016.

1.2 [illegible] ([illegible] **Financial Report**) [illegible] A [illegible] B [illegible] 30, 2016 [illegible] A [illegible] B [illegible].

2 PRINCIPAL FINANCIAL DATA AND INDICATORS

	For the six months ended June 30,	
	2017	2016
	RMB'000	*[illegible]B'000*
	(Unaudited)	*([illegible])*
[illegible]	**283,136**	189,680
[illegible]	**42,319**	36,818
[illegible]	**(12,014)**	(10,531)
[illegible]	**30,305**	26,287
[illegible]		
[illegible]	**31,710**	28,208
[illegible]	**(1,405)**	(1,921)

		A[illegible]
	As of June 30,	[illegible] 31,
	2017	2016
	(RMB'000)	*([illegible]B'000)*
	(Unaudited)	*(A[illegible])*
[illegible]		

3 BUSINESS REVIEW AND OUTLOOK

2017, :

2017, 2017 2016, 8 A 30, 2017, 10 (31, 2016: 8) 3,050 (31, 2016: 2,577).

2017, 280. B A 30, 2017, 8 (31, 2016: 6) 1,100 (31, 2016: 790).

2017, A A).

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review

B283.1 … B44.0 … B239.1 … 26.1% … 2016. … 33.1%, … 54.6%. A … 34.1% (… 30, 2016: 37.0%).

B31.7 … 12.4% … 2016, … B5.8 … 2016 … B7.2 …

4.1.1 Revenue and Cost of Revenue

… : ( ) … , ( ) … , ( ) … ( ) …

[illegible]:

	For the six months ended June 30,	
	2017	2016
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*[illegible]*
[illegible]	**226,529**	178,979
[illegible]	**11,579**	8,838
[illegible]	**987**	1,863
[illegible]	**239,095**	189,680
[illegible]	**44,041**	[illegible]
Total revenue	[illegible]	[illegible]

[illegible]

[illegible]:

	For the six months ended June 30,	
	2017	2016
	(RMB'000)	*([illegible]B'000)*
	(Unaudited)	*([illegible])*
Treatment and general healthcare services		
[illegible]	**166,226**	129,416
[illegible]	**102,118**	73,792
[illegible]	**64,108**	55,624
Pharmaceutical sales		
[illegible]	**60,303**	49,563
[illegible]	**49,515**	40,834
[illegible]	**10,788**	8,729
Owned hospitals		
[illegible]	**226,529**	178,979
[illegible]	**151,633**	114,626
[illegible]	**74,896**	64,353

[illegible] B226.5 [illegible] B47.6 [illegible] 2016, [illegible] B22.8 [illegible] ([illegible] 30, 2016: [illegible]B0.5 [illegible]).

[illegible]

	For the six months ended June 30,	
	2017	2016
[illegible]		
[illegible]	**3,050**	2,300
[illegible]	**552,050**	418,600
[illegible] (%)	**85.9%**	88.6%
[illegible]	**474,163**	370,702
[illegible] (RMB'000)	**158,561**	121,743
[illegible] (RMB)	**334**	329
[illegible] (RMB'000)	**28,427**	21,980
[illegible] (RMB)	**60**	59
Total inpatient revenue (RMB'000)	**186,988**	143,723
Total average inpatient spending per bed-day (RMB)	**394**	388
[illegible]		
[illegible]	**75,872**	68,875
[illegible] (RMB'000)	**7,665**	7,673
[illegible] (RMB)	**101**	112
[illegible] (RMB'000)	**31,876**	27,583
[illegible] (RMB)	**420**	400
Total outpatient revenue (RMB'000)	**39,541**	35,256

	For the six months ended June 30,	
	2017	2016
Total average outpatient spending per visit (RMB)	**524**	512
Total treatment and general healthcare services revenue (RMB’000)	**166,226**	129,416
Total pharmaceutical sales revenue (RMB’000)	**60,303**	49,563

B187.0 30.1% 2016, 27.9% 1.6% 82.5% 30, 2016: 80.3%).

B39.5 12.2% 2016, 10.2% 2.3%. 30 0.339 30, 2016: 19.7%),

	For the six months ended June 30,	
	2017	2016
	(RMB'000)	*(B'000)*
	(Unaudited)	
	58,173	48,086
	50,903	39,834
	9,857	4,785
	13,642	7,103
	8,120	6,544
	4,182	2,180
	6,756	6,094
Cost of revenue for owned hospitals	**151,633**	114,626

B151.6 32.3% 2016, : ( ) 21.0% ; ( ) 27.8% ; ( ) B11.6 A 2016, 97.7%.

38.4% (30, 2016: 42.0%). 33.6% (30, 2016: 34.8%). 15.5% (30, 2016: 10.4%). 2016.

	For the six months ended June 30,	
	2017	2016
	(RMB'000)	*(B'000)*
	(Unaudited)	*( )*
	11,579	8,838
	5,252	4,319
	6,327	4,519

B11.6 31.0% 2016, B2.7

B5.3 21.6% 2016,

A

54.6% (30, 2016: 51.1%).

B44.0 (30, 2016:), B41.4 B2.6 A 2016, 2016. B37.6 , B6.4 .

4.1.2 Gross Profit and Gross Profit Margin

B92.0 31.2% 2016. B81.6 16.4% 2016. :

	For the six months ended June 30,	
	2017	2016
	(Unaudited)	*( )*
	38.6%	43.0%
	17.9%	17.6%
	54.6%	51.1%
	23.9%	66.0%
Consolidated gross profit margin	**32.5%**	37.0%

32.5% (30, 2016: 37.0%), , 34.1%, 2.9 2016, , , .

4.1.3 Tax and Surcharge

B3.9 (30, 2016: B34.1), .

4.1.4 Selling Expenses

B0.4 (30, 2016: B1.0), 56.3% 2016 0.2% (30, 2016: 0.5%), 2016.

4.1.5 Administrative Expenses

240.533 0 ( ) 0.533 0 ( ) 0.17

4.1.6 Finance (Expenses)/Income – Net

[illegible]

	For the six months ended June 30,	
	2017	2016
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*([illegible])*
[illegible]	**1,907**	3,102
[illegible] ([illegible])/[illegible]	**(7,730)**	9,592
B[illegible]	**(1,691)**	[illegible]
[illegible]		
[illegible]	**(2,725)**	(2,777)
[illegible]	**(198)**	(131)
Finance (expenses)/income – Net	**(10,437)**	9,786

[illegible] B10.4 [illegible] B20.2 [illegible] 2016, [illegible] ( ) [illegible] B7.7 [illegible] B [illegible] B17.3 [illegible] 2016 ; ( ) [illegible] B1.7 [illegible]

4.1.7 Investment Income/(Loss)

/( ) /( ) /( ) :

	For the six months ended June 30,	
	2017	2016
	(RMB'000)	*(B'000)*
	(Unaudited)	*( )*
/( )	**(2,852)**	(2,200)
	5,243	
	2,391	(2,200)

B2.4 (30, 2016: B2.2), B 49.0% 32.7% B5.2 16.3% B .

4.1.8 Assets Impairment Losses

B2.8 (30, 2016: B1.2), 137.4% 2016 1.2% (30, 2016: 0.6%), 31, 2016, A 30, 2017 31, 2016, B10.4 B8.1 5.1% 5.4% .

4.1.9 Non-Operating Income (Expenses) and Other Income

4.1.11 Total Comprehensive Income

[illegible] B31.7 [illegible] 12.4% [illegible] 2016, [illegible]:

[illegible] B3.4 [illegible];

[illegible] B7.7 [illegible] B [illegible].

B [illegible] B3.9 [illegible].

[illegible] B35.6 [illegible], [illegible] 26.2% [illegible] 2016, [illegible] 2016.

4.2 Financial Position

4.2.1 Inventory

A 30, 2017, B176.6 (31, 2016: B162.8), ( ) B14.5 (31, 2016: B9.3); ( ) B162.1 (31, 2016: B153.5), B

A

(2012) 3-289403

75%

(A .) (.) 6,602.26

(A .) (.) 30,557.34

30, 2017

4.2.2 Trade Receivables

A 30, 2017, B195.2 (31, 2016: B142.9), B189.4 32.5% 31, 2016, 2016.

125 (30, 2016: 120).

4.2.3 Other Receivables and Prepayments

A 30, 2017, B75.8 (31, 2016: B77.0).

4.2.4 Investment Properties

A 30, 2017, B72.2 (31, 2016: B72.2), B (3 & 4) :

B (3 & 4)

A

(2012) 3-290617, (2012) 3-290604, (2012) 3-290602, (2012) 3-290616, (2012) 3-290595, (2012) 3-290606, (2012) 3-290593 (2012) 3-290607

75%

(A .) (.) | 3,722.29

(A .) (.) | 12,854.06

50 (29, 2053),

4.2.5 Available-for-Sale Financial Assets

A ... 30, 2017, ... B50.0 ... (... 31, 2016: B50.0 ...), ...

4.2.6 Accounts Payable

A ... 30, 2017, ... B80.5 ... (... 31, 2016: B43.3 ...), ... B29.4 ...

4.2.7 Advanced from Customers

A ... 390.30, 2017 ... 4.21 ... 0. ... B60.7 ... B, 31, 2016: B71.1 ...), ... B ... 1.57 0.98 ... 2.13.08 ... 1.0 ... 1.42 ... 1.76

4.3.1 Net Cash Generated from Operating Activities

A 30, 2017, B3.5 B30.3 B20.9 B58.3 W B33.6

4.3.2 Net Cash Used in Investing Activities

B134.7 B158.1 W B37.9

4.3.3 Net Cash Generated from Financing Activities

B61.8 B90.0 B37.7

4.3.4 Significant Investment, Acquisition and Disposal

30, 2017.

4.4 Indebtedness

4.4.1 Bank Borrowings

A 30, 2017, B269.0 (31, 2016: B216.7), B90.0 B37.7

4.4.2 Contingent Liabilities

A 30, 2017,

4.4.3 Asset Pledge

B ... B ... B ... 30, 2017, ... B20.0 ... B ... 30, 2017, ... B40.0

4.4.4 Contractual Obligations

A ... 30, 2017, ... B332.0

4.4.5 Financial Instruments

4.4.6 Exposure to Fluctuation in Exchange Rates

B.

A ... 30, 2017,

4.4.7 Gearing Ratio

A ... 30, 2017, ... 39.2% (... 31, 2016: 35.1%).

4.4.8 Employees and Remuneration Policy

A [illegible] 30, 2017, [illegible] 1,589 [illegible] ([illegible] 31, 2016: 1,348 [illegible]). [illegible] ([illegible]) [illegible] B71.3 [illegible] ([illegible] 30, 2016: B55.7 [illegible]). [illegible] B97.1 [illegible] ([illegible]). [illegible].

[illegible].

5 PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

[illegible].

6 REVIEW OF INTERIM RESULTS

A [illegible] 30, 2017 [illegible].

A [illegible] ([illegible] A [illegible]) [illegible] A [illegible] ([illegible] A [illegible]).

B [illegible] 30, 2017 ([illegible] 30, 2016: [illegible]).

7 COMPLIANCE WITH CG CODE

[illegible].

9.2 Consolidated Interim Financial Information

[illegible]

9.2.1 Interim Consolidated Statement of Comprehensive Income

		Six months ended 30 June,	
		2017	2016
		RMB	[illegible]
		(Unaudited)	[illegible]
1.	**Revenue**	**283,136,307**	189,680,305
	[illegible]	**(191,153,046)**	(119,578,600)
	[illegible]	**(3,937,078)**	(34,107)
	[illegible]	**(445,240)**	(1,017,758)
	[illegible]	**(39,814,343)**	(36,359,241)
	[illegible]	**(10,436,551)**	9,785,791
	[illegible]	**(2,823,150)**	(1,188,953)
	[illegible]	**2,390,872**	(2,199,509)
	[illegible]		
	[illegible]	**(2,852,505)**	(2,199,509)
	[illegible]	**2,692,900**	[illegible]
2.	**Operating profit**	**39,610,671**	39,087,928
	[illegible]	**5,377,451**	184,815
	[illegible]	**(2,668,911)**	(2,454,270)
	[illegible]	**(95,691)**	(84,100)
3.	**Total profit**	**42,319,211**	36,818,473
	[illegible]	**(12,013,726)**	(10,531,210)

	Six months ended 30 June,	
	2017	2016
	RMB	*RMB*
	(Unaudited)	*([illegible])*
4. Net profit	**30,305,485**	26,287,263

9.2.2 Interim Consolidated Statement of Financial Position

ASSETS	**30 June 2017**	31 [illegible] 2016
	RMB	*[illegible]B*
	(Unaudited)	*(A [illegible])*
Current assets		
[illegible]	**360,431,821**	496,614,542
A[illegible]	**195,213,586**	142,938,440
[illegible]	**56,099,625**	54,672,733
A[illegible]	**19,717,584**	22,283,987
[illegible]	**176,567,409**	162,827,694
[illegible]	**12,688,704**	12,688,704
Total current assets	**820,718,729**	892,026,100
Non-current assets		
A[illegible]	**50,000,000**	50,000,000
[illegible]	**60,198,228**	22,429,070
[illegible]	**72,191,872**	72,191,872
[illegible]	**188,059,052**	97,666,540
[illegible]	**257,092,404**	198,066,153
[illegible]	**153,162,424**	125,865,371
[illegible]	**8,533,389**	8,533,389
[illegible]	**109,388,448**	88,855,792
[illegible]	**20,707,981**	20,300,383
[illegible]	**17,333,178**	27,447,253
Total non-current assets	**936,666,976**	711,355,823
TOTAL ASSETS	**1,757,385,705**	1,603,381,923

LIABILITIES AND OWNERS’ EQUITY	**30 June 2017**	31 [illegible] 2016
Current liabilities		
[illegible]	**120,000,000**	30,000,000
A[illegible]	**80,476,871**	43,271,014
A[illegible]	**60,655,362**	71,147,900
[illegible]	**15,316,095**	19,552,350
[illegible]	**27,168,560**	41,195,655
[illegible]	**87,816,113**	38,922,694
[illegible]	**18,260,000**	
[illegible]	**17,480,304**	54,180,304
Total current liabilities	**427,173,305**	298,269,917
Non-current liabilities		
[illegible]	**148,950,190**	149,950,190
[illegible]	**89,463,200**	86,738,600
[illegible]	**10,632,800**	10,632,800
[illegible]	**13,444,342**	16,420,433
Total non-current liabilities	**262,490,532**	263,742,023
Total liabilities	**689,663,837**	562,011,940
Owners’ equity		
[illegible]	**73,040,000**	73,040,000
[illegible]	**795,919,512**	795,604,861
[illegible]	**18,548,942**	18,548,942
[illegible]	**134,640,863**	121,190,550
Total equity attributable to owners of the parent company	**1,022,149,317**	1,008,384,353
[illegible]	**45,572,551**	32,985,630
Total owners’ equity	**1,067,721,868**	1,041,369,983
TOTAL LIABILITIES AND OWNERS’ EQUITY	**1,757,385,705**	1,603,381,923

9.2.3 Interim Consolidated Statements of Cash Flow

		For the six months ended 30 June,	
		2017	2016
		RMB	*[illegible]B*
		(Unaudited)	*([illegible])*
1.	**Cash flows from operating activities**		
	[illegible]		
	[illegible]	**218,044,330**	185,216,096
	[illegible]	**16,104,834**	13,577,071
	Sub-total of cash inflows	**234,149,164**	198,793,167
	[illegible]	**(84,493,508)**	(57,860,296)
	[illegible]	**(74,861,390)**	(60,575,485)
	[illegible]	**133,608,262**	(14,053,392)
	[illegible]	**(37,714,356)**	(28,319,590)
	Sub-total of cash outflows	**(230,667,516)**	(160,808,763)
	Net cash flows generated from operating activities	**3,471,648**	37,984,404
2.	**Cash flows used in investing activities**		
	[illegible]	**3,225,000**	[illegible]
	[illegible]		
	[illegible]	**—**	2,039,728
	[illegible]	**91,007,687**	898,631
	Sub-total of cash inflows	**94,232,687**	2,938,359
	[illegible]		
	[illegible]	**(158,053,650)**	(71,372,976)
	[illegible]	**(37,878,286)**	(88,096,114)
	[illegible]	**(33,000,000)**	(2,500,000)
	Sub-total of cash outflows	**(228,931,936)**	(161,969,090)
	Net cash flows used in investing activities	**(134,699,249)**	(159,030,731)

		For the six months ended 30 June,	
		2017	2016
		RMB	[illegible]
		(Unaudited)	[illegible]
3.	**Cash flows from financing activities**		
	[illegible]	**14,100,000**	2,400,000
	[illegible]		
	[illegible]	**14,100,000**	2,400,000
	[illegible]	**90,000,000**	50,000,000
	[illegible]	**300,000**	[illegible]
	Sub-total of cash inflows	**104,400,000**	52,400,000
	[illegible]	**(37,700,000)**	(30,000,000)
	[illegible]	**(2,133,206)**	[illegible]
	[illegible]	**(2,758,166)**	(338,363)
	Sub-total of cash outflows	**(42,591,372)**	(30,338,363)
	Net cash flows generated from financing activities	**61,808,628**	22,061,637
4.	**Effect of changes in foreign exchange rate**	**(7,312,748)**	2,896,587
5.	**Net decrease in cash and cash equivalents**	**(76,731,721)**	(96,088,103)
	A[illegible]	**407,163,542**	368,457,171
6.	**Cash and cash equivalents at end of the period**	**330,431,821**	272,369,069

9.2.4 Interim Consolidated Statement of Changes In Equity

	Equity attributable to owners of the parent company					
	Share capital	Capital surplus	Surplus reserve	Retained earnings	Non-controlling interests	Total owners' equity
Balance at 1 January 2017	73,040,000	795,604,861	18,548,942	121,190,550	32,985,630	1,041,369,983
[illegible]	—	—	—	31,710,313	(1,404,828)	30,305,485
[illegible]	—	—	—	—	14,100,000	14,100,000
[illegible]	—	206,400	—	—	—	206,400
[illegible]	—	108,251	—	—	(108,251)	—
[illegible]	—	—	—	(18,260,000)	—	(18,260,000)
Balance at 30 June 2017	73,040,000	795,919,512	18,548,942	134,640,863	45,572,551	1,067,721,868

	Equity attributable to owners of the parent company					
	Share capital	Capital surplus	Surplus reserve	Retained earnings	Non-controlling interests	Total owners

9 Notes to the Consolidated Interim Financial Information prepared in accordance with the Accounting Standard for Business Enterprises of the PRC

9.3.3 Revenue and cost of sales

	Six months ended 30 June	
	2017	2016
	RMB	*[illegible]B*
	(Unaudited)	*([illegible])*
[illegible]	**238,108,930**	187,817,343
[illegible]	**45,027,377**	1,862,962
	283,136,307	189,680,305
[illegible]	**156,885,868**	118,945,305
[illegible]	**34,267,178**	[illegible]
	191,153,046	118,945,305

Revenue and cost of sale from main operations

	Six months ended 30 June 2017	
	RMB	***RMB***
	(Unaudited)	***(Unaudited)***
	Revenue from main operations	**Cost of sales from main operations**
[illegible]	**60,303,304**	**49,515,173**
[illegible]	**166,226,213**	**102,118,496**
[illegible]	**11,579,413**	**5,252,199**
	238,108,930	**156,885,868**

	[illegible] 30 [illegible] 2016	
	[illegible] B	[illegible] B
	([illegible])	([illegible])
[illegible]	49,563,165	40,834,453
[illegible]	129,416,332	73,791,802
[illegible]	8,837,846	4,319,050
	187,817,343	118,945,305

9.3.4 Earnings per share

( ) B [illegible]

	Six months ended 30 June,	
	2017	2016
	RMB	*[illegible] B*
	(Unaudited)	*([illegible])*
[illegible]	**31,710,313**	28,208,189
W[illegible]	**73,040,000**	73,040,000
B [illegible]	**0.43**	0.39

( ) [illegible]

[illegible] 30 [illegible] 2017. A [illegible]

9.3.5 Income tax expenses

	Six months ended 30 June,	
	2017	2016
	RMB	*[illegible]B*
	(Unaudited)	*([illegible])*
[illegible]	**14,743,399**	13,915,240
[illegible]	**(2,729,673)**	(3,384,030)
	12,013,726	10,531,210

[illegible]:

	Six months ended 30 June,	
	2017	2016
	RMB	*[illegible]B*
	(Unaudited)	*([illegible])*
[illegible]	**42,319,2114**	36,818,473
[illegible] 25%	**10,579,803**	9,204,618
[illegible]		

%

9.3.6 Dividends

24, 2017, B B18,260,000 31, 2016 73,040,000 31, 2016. A 30, 2017.

24, 2016, B B18,260,000 31, 2015. 2015 14, 2016 14, 2016.

10 DEFINITIONS

A –	2016 14, 2017
A –	B
B –	B (北京怡寧醫院有限公司), A 17, 2015 32.67%
B – B –	
–	(蒼南康寧醫院有限公司), 15, 2012,
W –	(成都仁一醫院有限公司), 29, 2010 (成都濟宏醫院有限公司) 28, 2015
–	(重慶合川康寧醫院有限公司), 5, 2015 40%

(淳安黃鋒康恩醫院)

: 2120)

A 14

(溫州怡寧老年醫院有限公司),

(杭州宏瀾信息科技有限公司),

20, 2015 35%

(杭州怡寧醫院有限公司),

A 25, 2016,

A

[illegible] [illegible] (臨海康寧醫院有限公司), [illegible] 2, 2015, [illegible]

[illegible] [illegible] (平陽康寧醫院有限公司), [illegible] 2, 2015, [illegible]

[illegible] [illegible] (平陽縣長庚醫院有限責任公司).

[illegible] [illegible]

[illegible] [illegible] (浦江黃鋒精神專科醫院)

[illegible] [illegible]

(四會康寧醫院有限公司), 19, 2016,

(622)

30, 2017

(溫州國大投資有限公司), 9, 2002,

(燕郊輔仁中西醫結合醫院)

26, 2015

(永嘉康寧醫院有限公司), 12, 2012,

(樂清康寧醫院有限公司), 3, 2013,

Wenzhou Kangning Hospital Co., Ltd.
GUAN Weili

21, 2017