溫州康寧醫院股份有限公司

Wenzhou Kan 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,	A[illegible] [illegible] 31,
	2020	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

T ... 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

T ... : (.) ... ; (..) ... ; (...) ...

T ... 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 *(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] *([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,
: ( ) 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%).

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

[illegible] 128.3 [illegible], [illegible] 39.4% [illegible] 2019. [illegible] 115.4 [illegible], [illegible] 43.8% [illegible] 2019. [illegible]:

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

[illegible] 27.6% ([illegible] 30, 2019: 24.3%), [illegible] 4.6 [illegible] 2019, [illegible].

4.1.3 Tax and Surcharge

[illegible] 2.0 [illegible] ([illegible] 30, 2019: [illegible] 0.8 [illegible]).

4.1.4 Selling Expenses

[illegible] 3.7 [illegible] ([illegible] 30, 2019: [illegible] 4.5 [illegible]), [illegible] 0.8 [illegible] 2019. [illegible] 0.8% [illegible] ([illegible] 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].

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 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, ... T ... , ... T ... 37 ... , ... 273,161 ... A 14 ... , ... 23 ... , ... 180,516 ... , ... 0.2391% ... T ... T ... (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
[illegible]	17	142,311	0.1885%
[illegible]	6	38,204	0.0506%
T[illegible]	23	180,516	0.2391%

T ...

T ... (溫州箴言康寧投資管理合夥企業(有限合夥)) ...

T ... k ... 48 ... , ...

... k ... 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

30, 2020,

8 INTERIM DIVIDEND

30, 2020 (30, 2019:).

9 COMPLIANCE WITH CG CODE

10 ACCOUNTING STANDARDS

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

11 FINANCIAL REPORT

11.1 Accounting Policies

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

32

2019.

2019

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)

LIABILITIES AND SHAREHOLDERS' EQUITY	**June 30, 2020** ***(Unaudited)***	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
T[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]: T[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[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]
[illegible]	**3,870,905**	[illegible]
[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)	*( )*
3.	**Cash flows from financing activities**		
		23,361,500	4,245,000
		21,771,500	4,245,000
		367,285,789	170,000,000
		–	
	Sub-total of cash inflows	**390,647,289**	174,245,000
		(201,900,000)	(146,000,000)
		(8,241,036)	(6,647,896)
		(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)29

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)

	June 30, 2020 *(Unaudited)*	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

T 30, 2020 31, 2019 :

	June 30, 2020 *(Unaudited)*	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)

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 (Unaudited)	2019 *( )*
	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

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

	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)

( )

	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[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

T[illegible]:

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	*([illegible])*
T[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
T[illegible]	**–**	(6,624,980)
[illegible]	**10,502,748**	7,119,918

11.3.6 Dividends

12 DEFINITIONS

(北京怡寧醫院有限公司), April 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,

(2120)

A 14

( )

( ) 1.00

(溫州怡寧老年醫院有限公司), 2, 2015,

( )

(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