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溫州康寧醫院股份有限公司
Wenzhou Kan

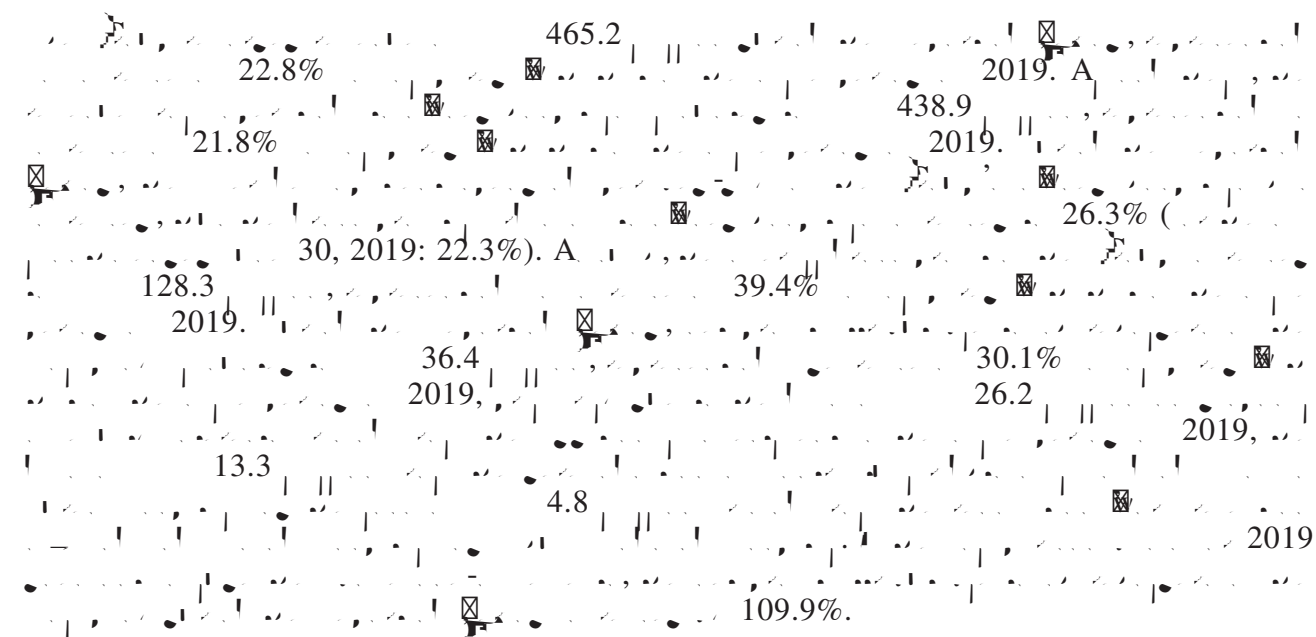
2 FINANCIAL HIGHLIGHTS

2.1 Principal Financial Data and Indicators

		For the six months ended June 30,	
		2020	2019
		(RMB'000)	(RMB'000)
		(Unaudited)	(Unaudited)
Revenue		465,150	378,910
Cost of revenue		39,404	52,661
Revenue from operations		(10,503)	(7,120)
Operating expenses		28,901	45,541
Operating income		36,410	52,064
Operating loss		(7,509)	(6,523)
		As at	As at
		June 30,	June 30,
		2020	2019
		(RMB'000)	(RMB'000)
		(Unaudited)	(Unaudited)
Total assets		2,274,908	2,117,352
Liabilities		960,485	855,843
Equity		1,314,423	1,261,509
Total liabilities and equity		1,186,459	1,164,484
Operating loss		127,964	97,025

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review



4.1.1 Revenue and Cost of Revenue

For the six months ended June 30, 2020, the Company's revenue was RMB465,150,000, an increase of 22.8% compared to RMB438,886,000 in 2019. The increase was primarily due to the increase in the number of users and the increase in the average revenue per user. The Company's cost of revenue was RMB19,116,000, an increase of 39.4% compared to RMB15,281,000 in 2019. The increase was primarily due to the increase in the number of users and the increase in the average cost per user.

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

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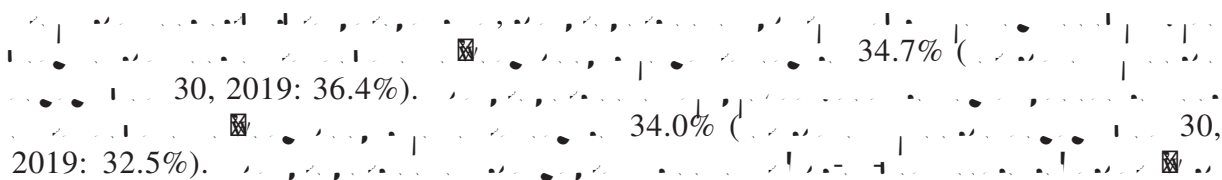
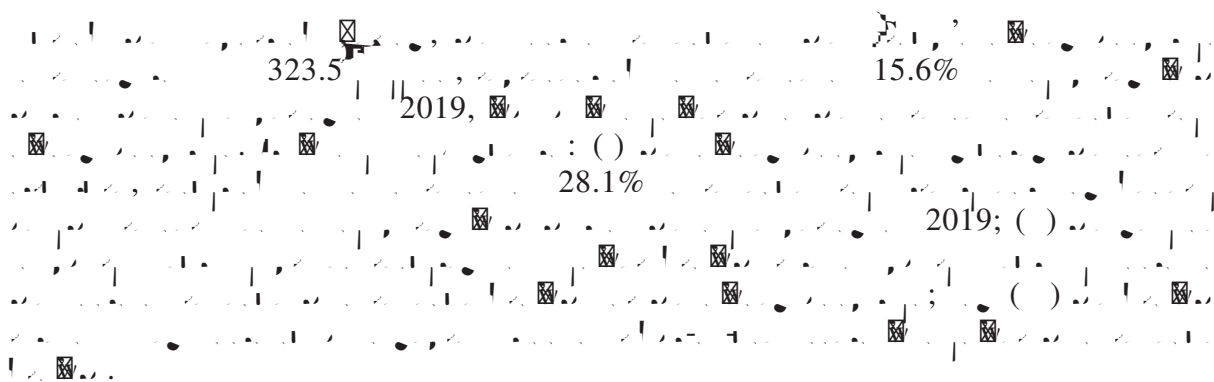
	For the six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)
In Patients		
Number of inpatients	6,853	5,593
Revenue from inpatient services (RMB'000)	1,240,393	1,012,333
Revenue from inpatient services (%)	83.1	84.9
Revenue from inpatient services (RMB'000)	1,030,392	859,061
Revenue from inpatient services (RMB'000)	324,990	251,945
Revenue from inpatient services (RMB'000)	315	293
Revenue from inpatient services (RMB'000)	53,841	50,926
Revenue from inpatient services (RMB'000)	52	59
Total inpatient revenue (RMB'000)	378,831	302,871
Total average inpatient spending per bed-day (RMB)	368	353
Out Patients		
Number of outpatients	125,852	105,986
Revenue from outpatient services (RMB'000)	12,761	11,635
Revenue from outpatient services (RMB'000)	101	110
Revenue from outpatient services (RMB'000)	47,294	45,704
Revenue from outpatient services (RMB'000)	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 2019, 25.1% 19.9% 4.2% 86.3% (30, 2019: 84.1%).

60.1 2019, 4.7% 18.7% 13.7% (30, 2019: 15.9%).

2019, 28.1% 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%).

	For the six months ended June 30,	
	2020	2019
	(RMB'000)	('000)
(Unaudited)	(Unaudited)	(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



4.1.2 Gross Profit and Gross Profit Margin

			128.3
		39.4%	
2019.			115.4
		43.8%	
2019.			

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

27.6% (30, 2019: 24.3%), 4.6, 2019, (30, 2019: 1.2%).

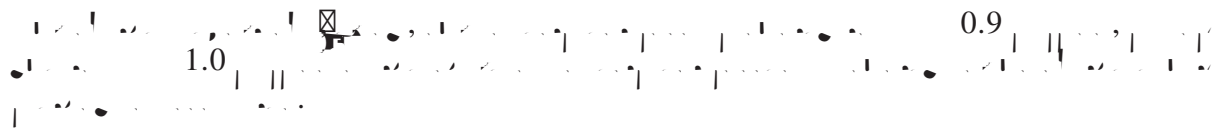
4.1.3 Tax and Surcharge

		2.0
	30, 2019:	0.8

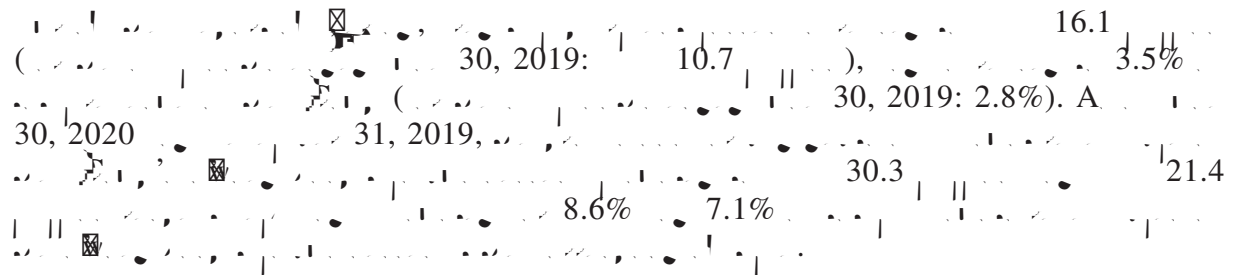
4.1.4 Selling Expenses

		3.7
	30, 2019:	4.5
0.8		2019.
0.8%		(30, 2019: 1.2%).

4.1.5 Administrative Expenses



4.1.9 Credit Impairment Losses



4.1.10 Non-Operating Income (Expenses) and Other Gains



4.1.11 Income Tax Expense

30, 2019:	7.1	10.5	(	47.5%
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	(	
	2.6	(	
	2701,	2806,	2807
			2808

2701,	2806,	2807
2808		

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	75%
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(A,,.) (.,.)	19.3
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(A,,.) (.,.)	325.73
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	30, 2017
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4.2.2 Accounts Receivables

At December 31, 2020, Accounts Receivable was 352.6 million (December 31, 2019: 310.5 million), an increase of 14.5% (December 31, 2019: 322.5 million). The increase was primarily due to an increase in the number of units sold in 2020 compared to 2019, and a decrease in the allowance for doubtful accounts. The allowance for doubtful accounts was 133 million (December 31, 2019: 146 million).

4.2.3 Other Receivables and Prepayments

At December 31, 2020, Other Receivables and Prepayments was 88.4 million (December 31, 2019: 68.7 million).

4.2.4 Investment Properties

At December 31, 2020, Investment Properties was 107.1 million (December 31, 2019: 110.9 million), a decrease of 3.8 million (December 31, 2019: 302, 303, 304). The decrease was primarily due to the sale of investment properties in 2020 compared to 2019, and a decrease in the fair value of investment properties. The fair value of investment properties was 111 million (December 31, 2019: 111 million).

The fair value of investment properties was 111 million (December 31, 2019: 111 million). The fair value of investment properties was 111 million (December 31, 2019: 111 million).

At December 31, 2020, Investment Properties was 107.1 million (December 31, 2019: 110.9 million), a decrease of 3.8 million (December 31, 2019: 302, 303, 304).

The fair value of investment properties was 111 million (December 31, 2019: 111 million). The fair value of investment properties was 111 million (December 31, 2019: 111 million).

At December 31, 2020, Investment Properties was 107.1 million (December 31, 2019: 110.9 million), a decrease of 3.8 million (December 31, 2019: 302, 303, 304).

The fair value of investment properties was 111 million (December 31, 2019: 111 million). The fair value of investment properties was 111 million (December 31, 2019: 111 million).

At December 31, 2020, Investment Properties was 107.1 million (December 31, 2019: 110.9 million), a decrease of 3.8 million (December 31, 2019: 302, 303, 304).

29, 2043, $462.9(24)$ (2/ 11/) (15)

4.2.8 Contract Liability

A. 30, 2020, 10.8 (10.8%); 31, 2019: 8.6 (8.6%).

4.2.9 Other Payables

A. 30, 2020, 93.5 (31, 2019: 133.3).

4.3 Liquidity and Capital Resources

	For the six months ended June 30,	
	2020	2019
	<i>(RMB'000)</i>	<i>(US\$'000)</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Operating income	17,799	4,157
Operating expenses	(76,436)	(75,880)
Operating loss/(income)	94,945	(25,941)
Non-operating income/(expense)	36,424	(98,423)
Total non-current assets disposed		
Other income/(expenses)		
Income tax expense		
Net income/(loss) attributable to equity holders of the Company	127,393	(120,394)
Net income/(loss) attributable to minority interest	(1,000)	(1,000)
Net income/(loss) attributable to equity holders of the Company and minority interest	126,393	(121,394)

4.3.1 Net Cash Generated from Operating Activities

4.3.2 Net Cash Used in Investing Activities


76.4


67.1

















































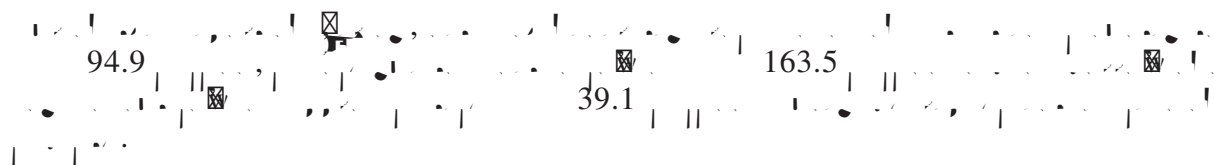




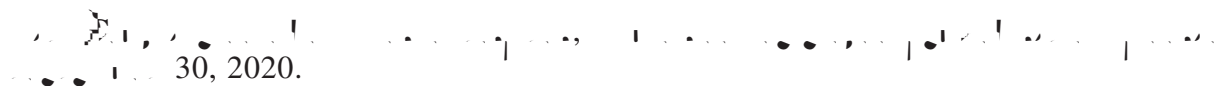




4.3.3 Net Cash Generated from Financing Activities

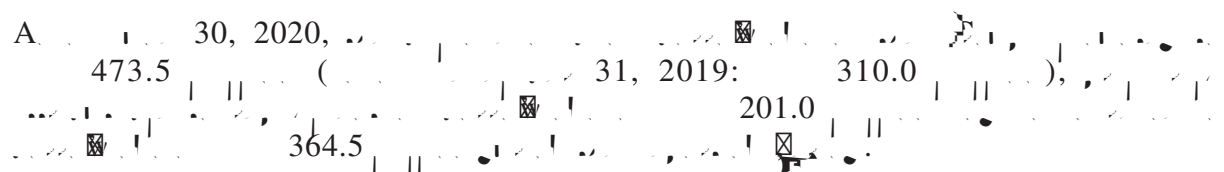


4.3.4 Significant Investment, Acquisition and Disposal



4.4 Indebtedness

4.4.1 Bank Borrowings



4.4.2 Contingent Liability



4.4.3 Asset Pledge



4.4.4 Lease Liabilities



4.4.5 Financial Instruments



4.4.6 Exposure to Fluctuation in Exchange Rates

As at 30, 2020, the Company's exposure to fluctuations in exchange rates is primarily related to its investments in foreign currencies. The Company's investments in foreign currencies are primarily denominated in US dollars. The Company's investments in foreign currencies are primarily denominated in US dollars. The Company's investments in foreign currencies are primarily denominated in US dollars.

4.4.7 Gearing Ratio

As at 30, 2020, the Company's gearing ratio (total debt divided by total capital) was 42.2% (31, 2019: 40.4%).

4.4.8 Employees and Remuneration Policy

As at 30, 2020, the Company's total number of employees was 3,136 (31, 2019: 2,845). The Company's total number of employees was 3,136 (31, 2019: 2,845). The Company's total number of employees was 3,136 (31, 2019: 2,845).

The Company's remuneration policy is based on the principle of rewarding performance. The Company's remuneration policy is based on the principle of rewarding performance. The Company's remuneration policy is based on the principle of rewarding performance.

As at 30, 2020, the Company's total remuneration was 165 million (30, 2018: 1,818,529). The Company's total remuneration was 165 million (30, 2018: 1,818,529). The Company's total remuneration was 165 million (30, 2018: 1,818,529).

5 PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

☒ During the reporting period, the Company has repurchased 899,700 shares of its ordinary shares at a total cost of \$15,888,990.				
Repurchase period	Total number of H Shares repurchased	Price paid per share Highest (\$)	Price paid per share Lowest (\$)	Total consideration (\$)
Jan 1, 2020	35,000	17.90	17.80	624,200
Apr 1, 2020	715,200	18.56	17.70	12,993,510
Jul 1, 2020	9,400	16.00	15.80	148,540
Oct 1, 2020	140,100	15.30	14.70	2,122,740
	899,700			15,888,990

☒ During the reporting period, the Company has not repurchased any shares of its ordinary shares.

☒ During the reporting period, the Company has not repurchased any shares of its ordinary shares.

6 EVENTS AFTER THE REPORTING PERIOD

☒ During the reporting period, the Company has not repurchased any shares of its ordinary shares.

11.2.1 Interim Consolidated Income Statement

	For the six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)
1. Revenue	465,150,452	378,910,291
Cost of sales	(336,864,754)	(286,882,183)
Gross profit	(1,999,246)	(831,972)
Selling, general and administrative expenses	(3,697,157)	(4,476,806)
Depreciation and amortization	(54,639,015)	(52,890,346)
Impairment loss on property and equipment	(2,637,407)	(2,304,024)
Other income	(11,846,196)	(10,198,874)
Income before income taxes	(14,086,629)	(11,068,131)
Income tax expense	2,454,371	1,925,426
Net income	5,443,616	6,567,461
Other comprehensive income (loss)	(923,557)	23,549,073
Comprehensive income	(1,019,927)	(2,525,317)
Net income attributable to noncontrolling interest	(16,112,650)	(10,730,916)
Net income attributable to the Company	—	(18,587)

11.2.2 Interim Consolidated Statement of Financial Position

(Amounts in thousands of US dollars)

ASSETS	June 30, 2020 (Unaudited)	June 30, 2019 (Audited)
Current assets		
Accounts receivable	216,156,858	176,030,550
Prepaid expenses and other current assets	–	30,000,000
Accounts payable	352,645,140	310,520,612
Accrued expenses	76,843,282	63,317,366
Accrued interest	11,516,259	5,366,020
Income taxes receivable	33,858,107	23,568,236
Other non-current assets	–	12,688,704
Total current assets	691,019,646	621,491,488
Non-current assets		
Property, plant and equipment	51,281,869	51,281,869
Goodwill	94,068,266	89,943,193

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

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26

		For the six months ended	
		June 30,	
		2020	2019
		(Unaudited)	(Unaudited)
3.	Cash flows from financing activities	23,361,500	4,245,000
	Proceeds from the issuance of bank loans	21,771,500	4,245,000
	Proceeds from the issuance of corporate bonds	367,285,789	170,000,000
	Proceeds from the issuance of short-term financing	—	—
	Sub-total of cash inflows	390,647,289	174,245,000
	Payments for the redemption of bank loans	(201,900,000)	(146,000,000)
	Payments for the redemption of corporate bonds	(8,241,036)	(6,647,896)
	Payments for the redemption of short-term financing	(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

(Amounts in thousands of U.S. dollars)

	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	<u>75,500,000</u>	<u>824,715,445</u>	<u>(21,721,144)</u>	<u>33,189,321</u>	<u>252,800,715</u>	<u>97,024,925</u>	<u>1,261,509,262</u>
Net income	-	-	-	-	36,409,947	(7,508,712)	28,901,235
Dividends paid	-	-	-	-	-	21,771,500	21,771,500
Share-based compensation	-	3,914,851	(1,590,000)	-	-	-	2,324,851
Share repurchases	-	(2,253,553)	-	-	-	(1,709,223)	(3,962,776)
Other	-	-	(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

(Amount in thousands of RMB)

	June 30, 2020 (Unaudited)	June 30, 2019 (Audited)
Accounts receivable	6,750,000	8,250,000
Allowance for doubtful accounts	384,779,056	330,174,215
Accounts receivable, net	391,529,056	338,424,215
Less: Accounts receivable, net of allowance for doubtful accounts	(38,883,916)	(27,903,603)
	352,645,140	310,520,612

As at June 30, 2020, the carrying amount of accounts receivable was RMB352,645,140 (2019: RMB310,520,612).

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

As at June 30, 2020, the carrying amount of accounts receivable was RMB391,529,056 (2019: RMB338,424,215).

11.3.2 Accounts Payable

(All figures are in thousands of dollars)

The following table shows the components of accounts payable as of June 30, 2020 and June 30, 2019.

	June 30, 2020 (Unaudited)	June 30, 2019 (Audited)
Accounts payable	54,973,453	65,881,555
Accounts receivable	5,224,098	7,479,995
Accounts payable	2,277,029	1,381,101
Accounts payable	578,371	506,880
Accounts payable	276,874	94,816
Accounts payable	235,714	210,613
	<u>63,565,539</u>	<u>75,554,960</u>

11.3.3 Revenue and Cost of Sales

(All figures are in thousands of dollars)

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

Revenue and cost of sales from main operations

(Amount in thousands of Philippine pesos)

	For the six months ended June 30, 2020	
	(Unaudited) Revenue from main operations	(Unaudited) Cost of sales from main operations
Revenue from sales of finished goods	101,134,489	86,044,257
Revenue from sales of raw materials	337,751,259	237,418,788
	438,885,748	323,463,045
	For the six months ended June 30, 2019	
	(Unaudited)	(Unaudited)
Revenue from sales of finished goods	96,629,883	82,628,810
Revenue from sales of raw materials	263,579,519	197,304,478
	360,209,402	279,933,288

11.3.4 Earnings Per Share

(A) 11/1/2018 to 6/30/2020

() 11/1/2018 to 6/30/2020

	For the six months ended June 30,	
	2020 (Unaudited)	2019 ()
Net income	36,409,947	52,064,124
Weighted average number of shares outstanding	72,769,749	73,040,000
Earnings per share	0.50	0.71

() 11/1/2018 to 6/30/2020

13, 2018, 2,460,000

A 7, 2,460,000

30, 2020.

30, 2020, 899,700

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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

(Amounts are in thousands of dollars)

	For the six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)
Income tax expense	23,778,834	14,824,769
Deferred income tax expense	(13,276,086)	(7,704,851)
	<u>10,502,748</u>	<u>7,119,918</u>

	For the six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)
Income tax expense	39,403,983	52,661,149
Deferred income tax expense	9,850,996	13,165,287
Income tax expense, net of 25% federal tax credit	579,650	1,158,271
Income tax expense, net of 25% federal tax credit, net of state and local taxes	121,674	119,184
Income tax expense, net of 25% federal tax credit, net of state and local taxes, net of federal tax credit	(490,212)	(431,227)
Income tax expense, net of 25% federal tax credit, net of state and local taxes, net of federal tax credit, net of state and local taxes	—	(318,561)
Income tax expense, net of 25% federal tax credit, net of state and local taxes, net of federal tax credit, net of state and local taxes, net of federal tax credit	440,640	51,944
Income tax expense, net of 25% federal tax credit, net of state and local taxes, net of federal tax credit, net of state and local taxes, net of federal tax credit, net of state and local taxes	—	(6,624,980)
	<u>10,502,748</u>	<u>7,119,918</u>

11.3.6 Dividends

For the six months ended June 30, 2020, the Company paid dividends of \$0.10 per share.

12 DEFINITIONS

A_i	(北京怡寧醫院有限公司), 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,
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	(溫州怡寧老年醫院有限公司), 2, 2015,
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	(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,
	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

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April 28, 2020

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