

溫州康寧書院股份有限公司

Wenzhou Kan Ning Shu Yuan Co., Ltd.

(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 (RMB'000) (Unaudited)	2019 (RMB'000) (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)	
2,274,908	2,117,352	
960,485	855,843	
1,314,423	1,261,509	
1,186,459	1,164,484	
127,964	97,025	

4.1 Financial Review

1. 凡在本市行政区域内从事经营活动的个体工商户、个人独资企业、合伙企业、非法人企业、农民专业合作社、其他经济组织（以下统称“市场主体”）均应当依法办理市场主体登记。

4

... k ...

	For the six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)
In Patients		
Number of inpatients	6,853	5,593
Revenue	1,240,393	1,012,333
Revenue per patient (%)	83.1	84.9
Number of inpatient bed-days	1,030,392	859,061
Revenue per bed-day (RMB'000)	324,990	251,945
Average length of stay (days)	315	293
Revenue per day (RMB'000)	53,841	50,926
Average daily rate (RMB)	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	12,761	11,635
Average revenue per patient (RMB)	101	110
Revenue per visit (RMB'000)	47,294	45,704
Average daily rate (RMB)	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

25.1% 378.8 2019, 19.9%
 : ()
 ; ()
 4.2%.
 86.3% (30, 2019: 84.1%).

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

28.1% 2019, 77.0%
 2019: 73.2%); 4.7% 30,
 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 (RMB'000) (Unaudited)	2019 (RMB'000) (Audited)
Cost of revenue of owned hospitals	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, 2019, 15.6%
 : ()
 28.1%
 2019; ()
 ; ()
 .

34.7% (30, 2019: 36.4%).
 34.0% (30, 2019: 32.5%).

4.1.2 Gross Profit and Gross Profit Margin

Year	Share of total population	Population in thousands
2019.	39.4%	128.3
2019.	43.8%	115.4

	For the six months ended June 30,	
	2020 (Unaudited)	2019 (Audited)
Cost of sales	29.7%	25.1%
Depreciation and amortization	14.9%	14.5%
Interest expense	26.3%	22.3%
Income tax expense	47.1%	62.8%
Consolidated gross profit margin	27.6%	24.3%

27.6% (2018: 27.6%, 2019: 24.3%), 4.6% (2018: 4.6%, 2019: 4.6%)

4.1.3 Tax and Surcharge

[illegible]

4.1.4 Selling Expenses

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

4.1.5 Administrative Expenses

4.1.7 Finance Expenses – Net

'Finance expenses' are the costs of borrowing money. 'Net' means 'after deducting any income from the bank interest earned on the company's bank account'. The company's bank interest income is £1,000, and its bank interest expense is £10,000. The net bank interest expense is £9,000. 

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%

4.1.9 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

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%

4.1.11 Income Tax Expense

At December 31, 2019, the Company's income tax expense was \$7.1 million, or 10.5% of pretax income, compared to \$10.5 million, or 13.5% of pretax income, at December 31, 2018. The effective tax rate for 2019 was 47.5%, compared to 26.7% for 2018. The effective tax rate for 2019 was higher than the statutory rate of 21.0% due to the Company's non-deductible executive compensation and other non-deductible expenses.

4.2 Financial Position

4.2.1 Inventory

At December 31, 2020, the Company's inventory was \$33.9 million, or 33.9% of total assets, compared to \$23.6 million, or 23.6% of total assets, at December 31, 2019. The inventory was primarily composed of raw materials, work-in-progress, and finished goods. The inventory was primarily composed of raw materials, work-in-progress, and finished goods. The inventory was primarily composed of raw materials, work-in-progress, and finished goods.

The inventory was primarily composed of raw materials, work-in-progress, and finished goods. The inventory was primarily composed of raw materials, work-in-progress, and finished goods. The inventory was primarily composed of raw materials, work-in-progress, and finished goods.

At December 31, 2020, the Company's inventory was \$33.9 million, or 33.9% of total assets, compared to \$23.6 million, or 23.6% of total assets, at December 31, 2019. The inventory was primarily composed of raw materials, work-in-progress, and finished goods.

The inventory was primarily composed of raw materials, work-in-progress, and finished goods. The inventory was primarily composed of raw materials, work-in-progress, and finished goods.

(A) (B) (C) (D) (E) (F) (G) (H) (I) (J) (K) (L) (M) (N) (O) (P) (Q) (R) (S) (T) (U) (V) (W) (X) (Y) (Z) (AA) (AB) (AC) (AD) (AE) (AF) (AG) (AH) (AI) (AJ) (AK) (AL) (AM) (AN) (AO) (AP) (AQ) (AR) (AS) (AT) (AU) (AV) (AW) (AX) (AY) (AZ) (BA) (BB) (BC) (BD) (BE) (BF) (BG) (BH) (BI) (BJ) (BK) (BL) (BM) (BN) (BO) (BP) (BQ) (BR) (BS) (BT) (BU) (BV) (BW) (BX) (BY) (BZ) (CA) (CB) (CC) (CD) (CE) (CF) (CG) (CH) (CI) (CJ) (CK) (CL) (CM) (CN) (CO) (CP) (CQ) (CR) (CS) (CT) (CU) (CV) (CW) (CX) (CY) (CZ) (DA) (DB) (DC) (DD) (DE) (DF) (DG) (DH) (DI) (DJ) (DK) (DL) (DM) (DN) (DO) (DP) (DQ) (DR) (DS) (DT) (DU) (DV) (DW) (DX) (DY) (DZ) (EA) (EB) (EC) (ED) (EE) (EF) (EG) (EH) (EI) (EJ) (EK) (EL) (EM) (EN) (EO) (EP) (EQ) (ER) (ES) (ET) (EU) (EV) (EW) (EX) (EY) (EZ) (FA) (FB) (FC) (FD) (FE) (FF) (FG) (FH) (FI) (FJ) (FK) (FL) (FM) (FN) (FO) (FP) (FQ) (FR) (FS) (FT) (FU) (FV) (FW) (FX) (FY) (FZ) (GA) (GB) (GC) (GD) (GE) (GF) (GG) (GH) (GI) (GJ) (GK) (GL) (GM) (GN) (GO) (GP) (GQ) (GR) (GS) (GT) (GU) (GV) (GW) (GX) (GY) (GZ) (HA) (HB) (HC) (HD) (HE) (HF) (HG) (HH) (HI) (HJ) (HK) (HL) (HM) (HN) (HO) (HP) (HQ) (HR) (HS) (HT) (HU) (HV) (HW) (HX) (HY) (HZ) (IA) (IB) (IC) (ID) (IE) (IF) (IG) (IH) (II) (IJ) (IK) (IL) (IM) (IN) (IO) (IP) (IQ) (IR) (IS) (IT) (IU) (IV) (IW) (IX) (IY) (IZ) (JA) (JB) (JC) (JD) (JE) (JF) (JG) (JH) (JI) (JJ) (JK) (JL) (JM) (JN) (JO) (JP) (JQ) (JR) (JS) (JT) (JU) (JV) (JW) (JX) (JY) (JZ) (KA) (KB) (KC) (KD) (KE) (KF) (KG) (KH) (KI) (KJ) (KL) (KM) (KN) (KO) (KP) (KQ) (KR) (KS) (KT) (KU) (KV) (KW) (KX) (KY) (KZ) (LA) (LB) (LC) (LD) (LE) (LF) (LG) (LH) (LI) (LJ) (LK) (LL) (LM) (LN) (LO) (LP) (LQ) (LR) (LS) (LT) (LU) (LV) (LW) (LX) (LY) (LZ) (MA) (MB) (MC) (MD) (ME) (MF) (MG) (MH) (MI) (MJ) (MK) (ML) (MM) (MN) (MO) (MP) (MQ) (MR) (MS) (MT) (MU) (MV) (MW) (MX) (MY) (MZ) (NA) (NB) (NC) (ND) (NE) (NF) (NG) (NH) (NI) (NJ) (NK) (NL) (NM) (NN) (NO) (NP) (NQ) (NR) (NS) (NT) (NU) (NV) (NW) (NX) (NY) (NZ) (OA) (OB) (OC) (OD) (OE) (OF) (OG) (OH) (OI) (OJ) (OK) (OL) (OM) (ON) (OO) (OP) (OQ) (OR) (OS) (OT) (OU) (OV) (OW) (OX) (OY) (OZ) (PA) (PB) (PC) (PD) (PE) (PF) (PG) (PH) (PI) (PJ) (PK) (PL) (PM) (PN) (PO) (PP) (PQ) (PR) (PS) (PT) (PU) (PV) (PW) (PX) (PY) (PZ) (QA) (QB) (QC) (QD) (QE) (QF) (QG) (QH) (QI) (QJ) (QK) (QL) (QM) (QN) (QO) (QP) (QQ) (QR) (QS) (QT) (QU) (QV) (QW) (QX) (QY) (QZ) (RA) (RB) (RC) (RD) (RE) (RF) (RG) (RH) (RI) (RJ) (RK) (RL) (RM) (RN) (RO) (RP) (RQ) (RR) (RS) (RT) (RU) (RV) (RW) (RX) (RY) (RZ) (SA) (SB) (SC) (SD) (SE) (SF) (SG) (SH) (SI) (SJ) (SK) (SL) (SM) (SN) (SO) (SP) (SQ) (SR) (SS) (ST) (SU) (SV) (SW) (SX) (SY) (SZ) (TA) (TB) (TC) (TD) (TE) (TF) (TG) (TH) (TI) (TJ) (TK) (TL) (TM) (TN) (TO) (TP) (TQ) (TR) (TS) (TT) (TU) (TV) (TW) (TX) (TY) (TZ) (UA) (UB) (UC) (UD) (UE) (UF) (UG) (UH) (UI) (UJ) (UK) (UL) (UM) (UN) (UO) (UP) (UQ) (UR) (US) (UT) (UU) (UV) (UW) (UX) (UY) (UZ) (VA) (VB) (VC) (VD) (VE) (VF) (VG) (VH) (VI) (VJ) (VK) (VL) (VM) (VN) (VO) (VP) (VQ) (VR) (VS) (VT) (VU) (VV) (VW) (VX) (VY) (VZ) (WA) (WB) (WC) (WD) (WE) (WF) (WG) (WH) (WI) (WJ) (WK) (WL) (WM) (WN) (WO) (WP) (WQ) (WR) (WS) (WT) (WU) (WV) (WW) (WX) (WY) (WZ) (XA) (XB) (XC) (XD) (XE) (XF) (XG) (XH) (XI) (XJ) (XK) (XL) (XM) (XN) (XO) (XP) (XQ) (XR) (XS) (XT) (XU) (XV) (XW) (XX) (XY) (XZ) (YA) (YB) (YC) (YD) (YE) (YF) (YG) (YH) (YI) (YJ) (YK) (YL) (YM) (YN) (YO) (YP) (YQ) (YR) (YS) (YT) (YU) (YV) (YW) (YX) (YZ) (ZA) (ZB) (ZC) (ZD) (ZE) (ZF) (ZG) (ZH) (ZI) (ZJ) (ZK) (ZL) (ZM) (ZN) (ZO) (ZP) (ZQ) (ZR) (ZS) (ZT) (ZU) (ZV) (ZW) (ZX) (ZY) (ZZ)

The inventory was primarily composed of raw materials, work-in-progress, and finished goods. The inventory was primarily composed of raw materials, work-in-progress, and finished goods.

The inventory was primarily composed of raw materials, work-in-progress, and finished goods. The inventory was primarily composed of raw materials, work-in-progress, and finished goods.

The inventory was primarily composed of raw materials, work-in-progress, and finished goods. The inventory was primarily composed of raw materials, work-in-progress, and finished goods.

4.2.2 Accounts Receivables

At December 31, 2020, Accounts Receivable was 352.6 million rubles (December 31, 2019: 310.5 million rubles), which is an increase of 14.5% compared to the end of 2019, due to the increase in the volume of sales of finished products. The average term of payment for customers is 133 days (December 31, 2019: 146 days).

4.2.3 Other Receivables and Prepayments

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

4.2.4 Investment Properties

At December 31, 2020, Investment Properties were 107.1 million rubles (December 31, 2019: 110.9 million rubles), which is a decrease of 3.8 million rubles (3.4%) compared to the end of 2019, due to the sale of investment properties. The average term of payment for customers is 133 days (December 31, 2019: 146 days).

The average term of payment for customers is 133 days (December 31, 2019: 146 days).

At December 31, 2020, Investment Properties were 107.1 million rubles (December 31, 2019: 110.9 million rubles), which is a decrease of 3.8 million rubles (3.4%) compared to the end of 2019, due to the sale of investment properties. The average term of payment for customers is 133 days (December 31, 2019: 146 days).

The average term of payment for customers is 133 days (December 31, 2019: 146 days).



29, 2043,

462.9()24 (2/ 11/) (15)

4.2.8 Contract Liability

As at June 30, 2020, the Company's contract liability was RMB10.8 million (June 30, 2019: RMB8.6 million).

4.2.9 Other Payables

As at June 30, 2020, the Company's other payables were RMB93.5 million (June 30, 2019: RMB133.3 million).

4.3 Liquidity and Capital Resources

The following table summarizes the Company's cash flows for the six months ended June 30, 2020 and 2019:

	For the six months ended June 30,	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Audited)
Cash generated from operating activities	17,799	4,157
Cash used in investing activities	(76,436)	(75,880)
Cash generated from financing activities	94,945	(25,941)
Change in cash and cash equivalents	36,424	(98,423)

4.3.1 Net Cash Generated from Operating Activities

For the six months ended June 30, 2020, the Company's net cash generated from operating activities was RMB17.8 million, compared with RMB28.9 million for the six months ended June 30, 2019. The increase was primarily due to the increase in net income of RMB16.1 million (2019: RMB60.0 million) and the decrease in cash used in operating activities of RMB90.9 million (2019: RMB14.5 million).

4.3.2 Net Cash Used in Investing Activities

For the six months ended June 30, 2020, the Company's net cash used in investing activities was RMB76.4 million, compared with RMB67.1 million for the six months ended June 30, 2019. The increase was primarily due to the increase in cash used in investing activities of RMB76.4 million (2019: RMB67.1 million) and the decrease in cash generated from investing activities of RMB14.5 million (2019: RMB14.5 million).

4.3.3 Net Cash Generated from Financing Activities

At 31, 2020,	94.9	At 31, 2019:	163.5
Decrease of	39.1	Decrease of	163.5

4.3.4 Significant Investment, Acquisition and Disposal

There were no significant investment, acquisition and disposal during the year ended 30, 2020.

4.4 Indebtedness

4.4.1 Bank Borrowings

At 30, 2020, the Group had bank borrowings of HK\$473.5 million (At 31, 2019: HK\$310.0 million), of which HK\$201.0 million were secured by bank guarantees and HK\$364.5 million were unsecured.

4.4.2 Contingent Liability

At 30, 2020, the Group had no contingent liability. At 31, 2019, the Group had no contingent liability.

4.4.3 Asset Pledge

The Group had no asset pledge at 30, 2020. At 31, 2019, the Group had no asset pledge. At 30, 2020, the Group had no asset pledge.

4.4.4 Lease Liabilities

At 30, 2020, the Group had lease liabilities of HK\$24.2 million (At 31, 2019: HK\$186.0 million).

4.4.5 Financial Instruments

The Group had no financial instruments at 30, 2020. At 31, 2019, the Group had no financial instruments. At 30, 2020, the Group had no financial instruments.

4.4.6 Exposure to Fluctuation in Exchange Rates

At 30, 2020, the Company's exposure to fluctuations in exchange rates was \$1,818,529 (2019: \$1,818,529).

At 30, 2020, the Company's exposure to fluctuations in exchange rates was \$1,818,529 (2019: \$1,818,529).

4.4.7 Gearing Ratio

At 30, 2020, the Company's gearing ratio was 42.2% (2019: 40.4%).

4.4.8 Employees and Remuneration Policy

At 30, 2020, the Company's remuneration policy was 3,136 (2019: 2,845). The Company's remuneration policy was 149.5 (2019: 128.1). The Company's remuneration policy was 98.2 (2019: 98.2).

At 30, 2018, the Company's remuneration policy was 13, 2018 (2017 AGM). The Company's remuneration policy was 29, 2018 (2017 AGM).

At 30, 2018, the Company's remuneration policy was 165 (2017 AGM). The Company's remuneration policy was 1,818,529 (2017 AGM).

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
 k 48

5 PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

2020年12月31日，本公司回购H股899,700股，支付总金额为人民币15,888,990元。				
Repurchase period	Total number of H Shares repurchased	Price paid per share Highest (\$)	Price paid per share Lowest (\$)	Total consideration (\$)
2020	35,000	17.90	17.80	624,200
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

本公司在2020年12月31日，没有回购任何A股。

本公司在2020年12月31日，没有出售任何H股或A股。

6 EVENTS AFTER THE REPORTING PERIOD

自2020年12月31日至本中期报告发布之日，本公司没有发生任何重大事件。

7 REVIEW OF INTERIM RESULTS

As at the end of the reporting period, the Company's interim results for the period ended 30, 2020, compared with the corresponding period of the previous year, are as follows:

As at the end of the reporting period, the Company's interim results for the period ended 30, 2020, compared with the corresponding period of the previous year, are as follows:

8 INTERIM DIVIDEND

The Company has not declared any interim dividend for the period ended 30, 2020 (corresponding period 30, 2019: Nil).

9 COMPLIANCE WITH CG CODE

The Company has complied with the CG Code throughout the reporting period.

10 ACCOUNTING STANDARDS

The Company has adopted the Accounting Standards issued by the Institute of Cost Accountants of India (ICAI) for the period ended 30, 2020, which are in accordance with the Accounting Standards issued by the Institute of Cost Accountants of India (ICAI) for the period ended 30, 2017, (622 Companies Ordinance).

11 FINANCIAL REPORT

11.1 Accounting Policies

The Company has adopted the Accounting Standards issued by the Institute of Cost Accountants of India (ICAI) for the period ended 30, 2020, which are in accordance with the Accounting Standards issued by the Institute of Cost Accountants of India (ICAI) for the period ended 30, 2017, (622 Companies Ordinance).

The Company has adopted the Accounting Standards issued by the Institute of Cost Accountants of India (ICAI) for the period ended 30, 2020, which are in accordance with the Accounting Standards issued by the Institute of Cost Accountants of India (ICAI) for the period ended 30, 2017, (622 Companies Ordinance).

The Company has adopted the Accounting Standards issued by the Institute of Cost Accountants of India (ICAI) for the period ended 30, 2020, which are in accordance with the Accounting Standards issued by the Institute of Cost Accountants of India (ICAI) for the period ended 30, 2017, (622 Companies Ordinance).

The Company has adopted the Accounting Standards issued by the Institute of Cost Accountants of India (ICAI) for the period ended 30, 2020, which are in accordance with the Accounting Standards issued by the Institute of Cost Accountants of India (ICAI) for the period ended 30, 2017, (622 Companies Ordinance).

11.2 Interim Financial Statement

As at June 30, 2020, the Company's consolidated financial statements were prepared on a going concern basis. The Company's consolidated financial statements were prepared on a going concern basis.

11.2.1 Interim Consolidated Income Statement

(As at June 30, 2020, the Company's consolidated financial statements were prepared on a going concern basis.)

		For the six months ended June 30,	
		2020	2019
		(Unaudited)	(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)
Operating expenses		(3,697,157)	(4,476,806)
Operating income		(54,639,015)	(52,890,346)
Other income		(2,637,407)	(2,304,024)
Other expenses		(11,846,196)	(10,198,874)
Income before income tax		(14,086,629)	(11,068,131)
Income tax expense		2,454,371	1,925,426
Income before income tax		5,443,616	6,567,461
Income tax expense		(923,557)	23,549,073
Income before income tax		(1,019,927)	(2,525,317)
Income tax expense		(16,112,650)	(10,730,916)
Income before income tax		-	98,550,452

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2020 (Unaudited)	June 30, 2019 (Audited)
Current liabilities		
Accounts payable and accrued liabilities	332,500,000	250,000,000
Accounts receivable	576,686	—
Accounts receivable - related parties	63,565,539	75,554,960
Accounts receivable - other	10,772,528	8,562,126
Accounts receivable - non-current	23,923,352	36,063,277
Accounts receivable - non-current - related parties	44,736,621	33,430,060
Accounts receivable - non-current - other	93,516,092	133,348,712
Accounts receivable - non-current - related parties	66,053,557	79,741,922
Total current liabilities	635,644,375	616,701,057
Non-current liabilities		
Accounts payable and accrued liabilities	100,500,000	20,000,000
Accounts receivable	186,013,332	183,808,151
Accounts receivable - related parties	580,000	2,260,000
Accounts receivable - other	2,000,000	2,000,000
Accounts receivable - non-current	9,797,371	9,949,267
Accounts receivable - non-current - related parties	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		
Common stock	75,500,000	75,500,000
Preferred stock	826,376,743	824,715,445
Retained earnings	(37,817,508)	(21,721,144)
Accumulated other comprehensive income	33,189,321	33,189,321
Accumulated other comprehensive income - related parties	289,210,662	252,800,715
Total equity attributable to shareholders of the Parent company	1,186,459,218	1,164,484,337
Accounts receivable - non-current - related parties	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. 11.2.3 Interim Consolidated Statements of Cash Flow)

	For the six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)
1. Cash flows from operating activities		
Cash flows from operations	411,405,749	337,771,543
Cash flows from other operating activities	8,311,056	7,188,089
Sub-total of cash inflows	419,716,805	344,959,632
Cash flows from other investing activities	(174,912,876)	(153,687,796)
Cash flows from other financing activities	(162,022,960)	(137,201,128)
Cash flows from other operating activities	(14,474,391)	(20,832,826)
Cash flows from other investing activities	(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		
Cash flows from operations	30,010,000	447,095
Cash flows from other investing activities	96,370	
Cash flows from other financing activities		
Cash flows from other operating activities	3,870,905	
Cash flows from other investing activities		
Cash flows from other financing activities	–	1,833,758
Cash flows from other operating activities	–	2,555,426
Sub-total of cash inflows	33,977,275	4,836,279
Cash flows from other investing activities	(67,075,009)	(63,099,075)
Cash flows from other financing activities	(15,145,000)	(13,020,000)
Cash flows from other operating activities	(25,593,510)	(1,246,349)
Cash flows from other investing activities	(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)	(Unaudited)
3. Cash flows from financing activities			
Proceeds from the issuance of bank loans		23,361,500	4,245,000
Proceeds from the issuance of corporate bonds			
Proceeds from the issuance of short-term financing			
Proceeds from the issuance of long-term financing			
Proceeds from the issuance of equity		21,771,500	4,245,000
Proceeds from the issuance of debt		367,285,789	170,000,000
Proceeds from the issuance of other financing		—	—
Sub-total of cash inflows		390,647,289	174,245,000
Payments for the acquisition of fixed assets		(201,900,000)	(146,000,000)
Payments for the acquisition of intangible assets		(8,241,036)	(6,647,896)
Payments for the acquisition of other assets		(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 millions of U.S. dollars)

	Equity attributable to shareholders of the parent company					Non-controlling interests	Total shareholders' equity
	Share capital	Capital surplus	Less: Treasury stock	Surplus reserve	Retained earnings		
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 declared	-	-	-	-	-	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 transferred to the special purpose vehicle	(38,883,916)	(27,903,603)
Accounts receivable, net of transferred	<u>352,645,140</u>	<u>310,520,612</u>

The accounts receivable transferred to the special purpose vehicle on June 30, 2020 and June 30, 2019 are as follows:

	June 30, 2020 (Unaudited)	June 30, 2019 (Audited)
1. Accounts receivable transferred to the special purpose vehicle	307,256,118	266,932,953
2. Allowance for doubtful accounts transferred to the special purpose vehicle	54,328,309	57,988,407
2. 3. Accounts receivable transferred to the special purpose vehicle, net of allowance	24,130,088	13,089,001
3. Accounts receivable transferred to the special purpose vehicle, net of allowance	<u>5,814,541</u>	<u>413,854</u>
	<u>391,529,056</u>	<u>338,424,215</u>

Accounts receivable transferred to the special purpose vehicle are as follows:

11.3.2 Accounts Payable

$$(A_{\text{eff}}^{\text{eff}} = A_{\text{eff}}^{\text{eff}} \cdot \frac{1}{\sqrt{1 - \frac{v^2}{c^2}}} \cdot \frac{1}{\sqrt{1 - \frac{v^2}{c^2}}})$$

30, 2020 31, 2019

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

11.3.3 Revenue and Cost of Sales

$$(A_{\text{max}} = 100, A_{\text{min}} = 0, A_{\text{max}} = 100, A_{\text{min}} = 0, A_{\text{max}} = 100, A_{\text{min}} = 0)$$

For the six months ended
June 30,
2020**2019**
(Unaudited) *(In thousands)*

	438,885,748	360,209,402
• Other non-current assets	26,264,704	18,700,889
	465,150,452	378,910,291
• Current assets	323,463,045	279,933,288
• Other current assets	13,401,709	6,948,895
	336,864,754	286,882,183

Revenue and cost of sales from main operations

(Amount in thousands of US dollars)

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

11.3.4 Earnings Per Share

$$(A \quad , \quad , \quad , \quad , \quad)$$

()

	For the six months ended June 30, 2020 (Unaudited)	2019 (Audited)
Operating income	36,409,947	52,064,124
Other income	72,769,749	73,040,000
Income before income taxes	0.50	0.71

(-)  ,
13, 2018, 2,460,000
A
k , A
7, 2,460,000 

30, 2020.

899,700 k , 30, 2020,

[illegible]

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	2019
	(Unaudited)	(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>

The income tax expense for the six months ended June 30, 2020, includes the following components:

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
Current income tax expense	39,403,983	52,661,149
Deferred income tax expense		
Federal income tax expense	9,850,996	13,165,287
State income tax expense	579,650	1,158,271
Local income tax expense	121,674	119,184
Other income tax expense	(490,212)	(431,227)
Net deferred income tax expense	—	(318,561)
Other deferred income tax expense	440,640	51,944
Net deferred income tax expense	—	(6,624,980)
	<u>10,502,748</u>	<u>7,119,918</u>

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 : 2120)
 A 14
 ()
 ()
 ()
 1.00
 k
 (溫州怡寧老年醫院有限公司),
 2, 2015,
 ()

\$_____

_____ A _____

_____ k _____

_____ 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

司), 12, 2012,

%_

Wenzhou Kangning Hospital Co., Ltd.
GUAN Weili

Ar 28, 2020

