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)*
	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, 2020	December 31, 2019
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Audited)*
	2,274,908	2,117,352
	960,485	855,843
	1,314,423	1,261,509
C	**1,186,459**	1,164,484
	127,964	97,025

k , , , C ,
. A , + →
→ , .

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review

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

4.1.1 Revenue and Cost of Revenue

: ( )
; ( ) ; ( )
.

k :

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

	For the six months ended June 30,	
	2020	2019
	(RMB'000)	*(RMB'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 , , , , B438.9 , , B78.7
2019, , C , , ,
, C
C 2019. D ,
, 43.8%
2019, , -
- .

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	( )
Inpatients		
	6,853	5,593
E -	**1,240,393**	1,012,333
(%)	**83.1**	84.9
-	**1,030,392**	859,061
(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
(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 , , ,

D , , , , , ’ ,
B323.5 , , 15.6% ,
2019, , , , ,
, . , : ( ) , ,
, , , 28.1% , ,
, 2019; ( )
, , , , , ; ( ) , ,
, , , - - , ,
, .

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

, ,

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

, ,

, , ’ , , , ,
, , . D , , ,
, B7.1 (, 30, 2019: B3.4
),
B3.9 , , , , .

4.1.2 Gross Profit and Gross Profit Margin

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

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

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

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

4.1.5 Administrative Expenses

D , , , k :

	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% 2019, 3.5% . D , , , 12.4% (, 30, 2019: 14.7%).

4.1.6 Research and Development Expenses

D , , , B2.6 (, 30, 2019: B2.3), , 14.5% 2019. T , 0.6% (, 30, 2019: 0.6%).

4.1.7 Finance Expenses – Net

k

:

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

125

The amoO mor1_1 1 Tf -0.025 0 T7 ((4,921)339T1_0 1 Tf 7.087 0 Td ((5,706)298T1_0

D , , ,

4.1.11 Income Tax Expense

D , , , B10.5 (
, 30, 2019: B7.1), 47.5%
2019. F ,
, 30, 2019, 26.7% 13.5%, .
T , , , ,
B , , , , , ,
2019, , , , ,
, , , , , .

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
k B, C , , E , C
, . T
, , , , :

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

4.2.2 Accounts Receivables

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

D , , , , , , ,
☒ , ☒ 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, B107.1
(D 31, 2019: B110.9), , ☒ k
B, C ☒ , , E , , C (302, 303
304) II ☒ k B, C ☒ , , E ,
, C (2/F 11/F) ☒ , . D , , ,
☒ , , , , . ☒
, , , , :

☒ k B, C
☒ , , E , C
(302, 303 304)

A , ☒ , ,
E , C , C ,
☒ , C , , , C

75%

(A .) (. .) 1,959.41

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

29, 2043,

k B, C

E , C

(2/F 11/F)

A

E , C , C ,

C , C

75%

(A .) (.) 6,602.26

(A .) (.) 11,850.34

C ,

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, , - - 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

:

	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 , , k , B90.9 . B14.5 .

4.3.2 Net Cash Used in Investing Activities

D , , , , B76.4 , B67.1 , , , ,

4.3.3 Net Cash Generated from Financing Activities

D , , ,

4.4.6 Exposure to Fluctuation in Exchange Rates

4.4.7 Gearing Ratio

4.4.8 Employees and Remuneration Policy

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

Category of personnel	Number of persons granted *(person)*	Number of Shares granted *(Share)*	Number of grant representing total issued share capital of the Company
C ,	17	142,311	0.1885%
B ,	6	38,204	0.0506%
,	23	180,516	0.2391%

, C .

, , . .(溫州箴言康寧投資管理合夥企業(有限合夥))
, , , .
.

, k - , , 48 ,
, , .

, , , k , 48
, .

5 PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

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 , 13, 2020.

, , C
, C , .

6 EVENTS AFTER THE REPORTING PERIOD

F 30, 2020 , , , ,
.

7 REVIEW OF INTERIM RESULTS

A C , , ’ , 30, 2020, , , , .

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

8 INTERIM DIVIDEND

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

9 COMPLIANCE WITH CG CODE

C C C , , , .

10 ACCOUNTING STANDARDS

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

11 FINANCIAL REPORT

11.1 Accounting Policies

A , , B, E B , , , F C (**“Ministry of Finance”**) F , 15, 2006.

, A , , B, E . 32 F , F .

, 2019. 2019 .

.

C 2016. C .

11.2 Interim Financial Statement

T F C
A B E :

11.2.1 Interim Consolidated Income Statement

(A B)

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	( )
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)
	–	(18,587)

11.2.2 Interim Consolidated Statement of Financial Position

(A , B ,)

ASSETS	June 30, 2020 *(Unaudited)*	D 31, 2019 *(A)*
Current assets		
C k	**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		
-	**332,500,000**	250,000,000
	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		
-	**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
C	**826,376,743**	824,715,445
: T k	**(37,817,508)**	(21,721,144)
	33,189,321	33,189,321
	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 ,)

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

	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**
	-	-	-	-	-	**21,771,500**	**21,771,500**
	-	**3,914,851**	**(1,590,000)**	-	-	-	**2,324,851**
	-	**(2,253,553)**	-	-	-	**(1,709,223)**	**(3,962,776)**
	-	-	**(14,506,364)**	-	-	-	**(14,506,364)**
	-	-	-	-	-	**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	Capital surplus	Less: Treasury stock	Surplus reserve	Retained earnings	Non-controlling interests	Total shareholders' equity

B50 0 ct2inatio 2020

Td (75,500,000)Tj 7.206 0 Td (826,376,743)Tj 7.87370 T9,88637,

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 ,)

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

30, 2020 D
31, 2019 :

	June 30, 2020 *(Unaudited)*	D 31, 2019 *(A)*
1	**307,256,118**	266,932,953
2	**54,328,309**	57,988,407
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 ,)

, 30, 2020 D 31, 2019 :

	June 30, 2020 *(Unaudited)*	D 31, 2019 *(A)*
3	**54,973,453**	65,881,555
6	**5,224,098**	7,479,995
1	**2,277,029**	1,381,101
2	**578,371**	506,880
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 ,)

	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
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 ,)

	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**

	F 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 , B ,)

( ) B , ,

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

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

F , 30, 2020, C , 899,700 , k , , k , , C .

( ) D , ,

D , , , , , C . F , 30, 2020, , , B36,409,947. , , , , , 73,034,363. , , , B0.50. F , 30, 2019, , , B52,064,124. , , , , 73,915,743. , , , B0.70.

11.3.5 Income Tax Expense

(A , B ,)

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

:

	For the six months ended June 30,	
	2020	2019
	(Unaudited)	( )
	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 ,	**440,640**	51,944
	–	(6,624,980)
	10,502,748	7,119,918

11.3.6 Dividends

30, 2020, B 0 1 .7

in/T1_1ta71TTa 0.025

A, C _ , B

B , , _ B , , C ., . (北京怡寧醫院有限公司), C
A, , , 17, 2015, C , ’ -
, ,

B _ C ,

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

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

C _ , , , C ., ., k , C, , , , , B , , k E , (k C : 2120)

C C _ C C A 14 , , , ,

D ( )_ ( ) C ,

D ( )_ ( ) C , , B1.00 , , B , k ,

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

$_ D_

_

_

k E _

_

_

_

C

k

k E

C ., . (淮南康寧醫院有限公司), C
22, 2017, C ' -

C ., . (廊坊怡寧醫院有限公司, k
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