



温州

Wenzhou Kangnai

(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, 2020

### 1 INTRODUCTION

1.1 This announcement is made by the Board of Directors of Wenzhou Kangnai (the "Company") in accordance with the requirements of the Securities and Futures Ordinance (SFO) and the Listing Rules of the Stock Exchange of Hong Kong Limited (the "Listing Rules") and is intended to provide the investors of the Company with the interim results of the Company for the six months ended June 30, 2020.

1.2 This announcement is made in connection with the Company's interim financial report (the "Financial Report") for the six months ended June 30, 2020, which is available on the Company's website (www.wzkn.com.cn) and the Company's Annual General Meeting (AGM) website (www.wzkn.com.cn/AGM) and the Company's Annual General Meeting (AGM) website (www.wzkn.com.cn/AGM).

## 2 FINANCIAL HIGHLIGHTS

### 2.1 Principal Financial Data and Indicators

	For the six months ended June 30,	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Audited)
Revenue	465,150	378,910
Operating expenses	39,404	52,661
Operating income	(10,503)	(7,120)
Finance income	28,901	45,541
Finance expenses	36,410	52,064
Income tax expenses	(7,509)	(6,523)
Profit before income tax		
Income tax		
Profit after income tax		
As at	As at	
June 30,	June 30,	December 31,
2020	2020	2019
(RMB'000)	(RMB'000)	(RMB'000)
(Unaudited)	(Unaudited)	(Audited)
Assets	2,274,908	2,117,352
Liabilities	960,485	855,843
Equity	1,314,423	1,261,509
Equity attributable to the Company's shareholders	1,186,459	1,164,484
Minority interest	127,964	97,025



## 4 MANAGEMENT DISCUSSION AND ANALYSIS

### 4.1 Financial Review

For the six months ended June 30, 2020, the Company's revenue was RMB465.2 million, an increase of 22.8% compared with RMB438.9 million for the same period in 2019. The increase was primarily due to the growth in revenue from the Company's core business segments. For the six months ended June 30, 2020, the Company's operating profit was RMB128.3 million, an increase of 39.4% compared with RMB92.1 million for the same period in 2019. The increase was primarily due to the growth in operating profit from the Company's core business segments. For the six months ended June 30, 2020, the Company's net profit was RMB36.4 million, an increase of 30.1% compared with RMB26.2 million for the same period in 2019. The increase was primarily due to the growth in net profit from the Company's core business segments. For the six months ended June 30, 2020, the Company's cash and cash equivalents were RMB13.3 million, an increase of 109.9% compared with RMB6.3 million for the same period in 2019. The increase was primarily due to the growth in cash and cash equivalents from the Company's core business segments.

#### 4.1.1 Revenue and Cost of Revenue

The following table sets out the Company's revenue and cost of revenue for the six months ended June 30, 2020 and 2019. Revenue and cost of revenue are presented in RMB'000 and B'000, respectively. Revenue and cost of revenue are presented on a gross basis, net of discounts and allowances. Revenue and cost of revenue are presented on an accrual basis. Revenue and cost of revenue are presented on a consolidated basis. Revenue and cost of revenue are presented on a continuing operations basis. Revenue and cost of revenue are presented on a non-recurring basis. Revenue and cost of revenue are presented on a recurring basis. Revenue and cost of revenue are presented on a non-recurring basis. Revenue and cost of revenue are presented on a recurring basis.

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

2019, the Company's total revenue was RMB4,389.0 million, an increase of 43.8% over 2018. The increase was primarily due to the expansion of the Company's business operations and the improvement of the operating performance of the Company's subsidiaries.

	<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(RMB'000)</b>	<b>(B'000)</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Treatment and general healthcare services</b>		
Treatment and general healthcare services	337,751	263,580
Contract services	237,419	197,304
Other services	100,332	66,276
<b>Pharmaceutical sales</b>		
Pharmaceutical sales	101,135	96,630
Contract services	86,044	82,629
Other services	15,091	14,001
<b>Owned hospitals</b>		
Owned hospitals	438,886	360,210
Contract services	323,463	279,933
Other services	115,423	80,277

During the six months ended June 30, 2020, the Company's total revenue was RMB4,389.0 million, an increase of 43.8% over the same period in 2019. The increase was primarily due to the expansion of the Company's business operations and the improvement of the operating performance of the Company's subsidiaries.

W  
W  
W  
W

	<b>For the six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Inpatients</b>		
Number of inpatient discharges	6,853	5,593
Estimated patient days	1,240,393	1,012,333
Occupancy rate (%)	83.1	84.9
Revenue from inpatient services	1,030,392	859,061
Revenue from inpatient services per bed-day (RMB'000)	324,990	251,945
Revenue from inpatient services per discharge (RMB)	315	293
Revenue from inpatient services per discharge (RMB'000)	53,841	50,926
Revenue from inpatient services per discharge (RMB)	52	59
<b>Total inpatient revenue (RMB'000)</b>	<b>378,831</b>	<b>302,871</b>
<b>Total average inpatient spending per bed-day (RMB)</b>	<b>368</b>	<b>353</b>
<b>Outpatients</b>		
Number of outpatient visits	125,852	105,986
Revenue from outpatient services (RMB'000)	12,761	11,635
Revenue from outpatient services (RMB)	101	110
Revenue from outpatient services (RMB'000)	47,294	45,704
Revenue from outpatient services (RMB)	376	431
<b>Total outpatient revenue (RMB'000)</b>	<b>60,055</b>	<b>57,339</b>
<b>Total average outpatient spending per visit (RMB)</b>	<b>477</b>	<b>541</b>
<b>Total treatment and general healthcare services revenue (RMB'000)</b>	<b>337,751</b>	<b>263,580</b>
<b>Total pharmaceutical sales revenue (RMB'000)</b>	<b>101,135</b>	<b>96,630</b>



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

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 ... w...

#### 4.1.2 Gross Profit and Gross Profit Margin

During the six months ended June 30, 2020, gross profit was \$128.3 million, or 39.4% of net sales, compared with \$115.4 million, or 43.8% of net sales, during the six months ended June 30, 2019.

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

During the six months ended June 30, 2020, consolidated gross profit margin was 27.6% (compared with 24.3% for the six months ended June 30, 2019), which was 4.6 percentage points higher than the consolidated gross profit margin of 2019, primarily due to higher selling expenses.

#### 4.1.3 Tax and Surcharge

During the six months ended June 30, 2020, tax and surcharge expense was \$2.0 million, or 0.8% of net sales, compared with \$0.8 million, or 0.3% of net sales, during the six months ended June 30, 2019.

#### 4.1.4 Selling Expenses

During the six months ended June 30, 2020, selling expenses were \$3.7 million, or 0.8% of net sales, compared with \$4.5 million, or 1.2% of net sales, during the six months ended June 30, 2019.

#### 4.1.5 Administrative Expenses

	For the six months ended June 30,	
	2020 (RMB'000) (Unaudited)	2019 (B'000)
Employee salaries and benefits	35,136	33,962
Depreciation	5,970	5,709
Contractual services	2,406	3,976
Office expenses	1,468	2,188
Other	9,659	7,055
<b>Total administrative expenses</b>	<b>54,639</b>	<b>52,890</b>

During the six months ended June 30, 2020, administrative expenses were RMB54.6 million, an increase of 3.3% compared with RMB52.9 million for the same period in 2019, of which employee salaries and benefits increased by 3.5% (2020: RMB35.1 million, 2019: RMB34.0 million), depreciation increased by 4.7% (2020: RMB5.97 million, 2019: RMB5.71 million), contractual services decreased by 39.2% (2020: RMB2.41 million, 2019: RMB3.98 million), office expenses decreased by 31.5% (2020: RMB1.47 million, 2019: RMB2.19 million), and other administrative expenses decreased by 26.3% (2020: RMB9.66 million, 2019: RMB13.15 million). Other administrative expenses accounted for 12.4% (2020: RMB9.66 million, 2019: 14.7%) of total administrative expenses.

#### 4.1.6 Research and Development Expenses

During the six months ended June 30, 2020, research and development expenses were RMB2.6 million, an increase of 14.5% compared with RMB2.3 million for the same period in 2019. Research and development expenses accounted for 0.6% (2020: RMB2.6 million, 2019: 0.6%) of total operating expenses.



Decreased by \$1.0 million (2019: \$0.9 million) due to the impact of the new accounting standard. (B1.0) (B0.9)

#### 4.1.9 Credit Impairment Losses

Decreased by \$16.1 million (2019: \$10.7 million), or 3.5% (2019: 2.8%). As of December 31, 2020, the allowance for credit impairment losses was \$30.3 million (December 31, 2019: \$21.4 million), which represents 8.6% (December 31, 2019: 7.1%) of the carrying amount of the allowance. (B16.1) (B10.7) (B30.3) (B21.4)

#### 4.1.10 Non-Operating Income (Expenses) and Other Gains

Decreased by \$5.0 million (2019: \$5.0 million) due to the impact of the new accounting standard. (B5.0)

### 4.1.11 Income Tax Expense

D.  $\frac{30, 2019: B7.1}{B10.5}$  (47.5%)  
 with 2019. F.  $\frac{26.7\%}{13.5\%}$   
 B.  $\frac{2019, w}{2019, w}$

## 4.2 Financial Position

### 4.2.1 Inventory

A.  $\frac{30, 2020, B33.9}{31, 2019: B23.6}$  (D.  $\frac{B31.3}{B21.0}$ );  
 (C.  $\frac{B2.6}{2701, 2806, 2807, 2808}$ )  
 B. C. E. C.

C.  $\frac{2701, 2806, 2807, 2808}{B}$   
 C. E. C.

A.  $\frac{C, C, C, C}{C}$

75%  
 (A, ) ( ) 19.3  
 (A, ) ( ) 325.73

C.  $\frac{30, 2017}{30, 2017}$

#### 4.2.2 Accounts Receivables

As at December 31, 2020, accounts receivable were B352.6 million (December 31, 2019: B310.5 million), with an allowance for doubtful accounts of B322.5 million, representing 14.5% of gross accounts receivable as at December 31, 2019, compared to B288.5 million as at December 31, 2019, with an allowance for doubtful accounts of B258.5 million. The net accounts receivable were B26.1 million (December 31, 2019: B52.0 million).

#### 4.2.3 Other Receivables and Prepayments

As at December 31, 2020, other receivables and prepayments were B88.4 million (December 31, 2019: B68.7 million).

#### 4.2.4 Investment Properties

As at December 30, 2020, investment properties were B107.1 million (December 31, 2019: B110.9 million). Investment properties are classified as either held for sale (302, 303 and 304) or held for investment (2/F and 11/F). Details of investment properties are as follows:

	December 31, 2020	December 31, 2019
Investment properties held for sale	B107.1	B110.9
Investment properties held for investment	B0.0	B0.0
Total investment properties	B107.1	B110.9

Investment properties held for sale are measured at fair value less costs to sell. Investment properties held for investment are measured at cost less impairment. Fair value is determined based on the market value of the properties.



#### 4.2.8 Contract Liability

As at June 30, 2020, the amount of contract liability was RMB10.8 million (December 31, 2019: RMB8.6 million).

#### 4.2.9 Other Payables

As at June 30, 2020, the amount of other payables was RMB93.5 million (December 31, 2019: RMB133.3 million).

### 4.3 Liquidity and Capital Resources

The following table summarizes the cash flows from operating, investing and financing activities for the six months ended June 30, 2020 and 2019:

	For the six months ended June 30,	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000)
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)
<b>Cash and cash equivalents at the end of the period</b>	<b>36,424</b>	<b>(98,423)</b>

#### 4.3.1 Net Cash Generated from Operating Activities

During the six months ended June 30, 2020, net cash generated from operating activities was RMB17.8 million (2019: RMB28.9 million). This was primarily due to an increase in net income of RMB16.1 million (2019: RMB60.0 million) and an increase in net change in non-current assets and liabilities of RMB90.9 million (2019: RMB14.5 million).

#### 4.3.2 Net Cash Used in Investing Activities

During the six months ended June 30, 2020, net cash used in investing activities was RMB76.4 million (2019: RMB76.4 million). This was primarily due to the purchase of property, plant and equipment of RMB67.1 million (2019: RMB76.4 million) and the purchase of intangible assets of RMB9.3 million (2019: RMB0.0 million).

### 4.3.3 Net Cash Generated from Financing Activities

During the period ended 30, 2020, net cash generated from financing activities was B94.9 million, compared with B163.5 million for the period ended 31, 2019. The increase was primarily due to the decrease in cash paid for interest of B39.1 million, compared with B163.5 million for the period ended 31, 2019.

### 4.3.4 Significant Investment, Acquisition and Disposal

There were no significant investments, acquisitions and disposals during the period ended 30, 2020.

## 4.4 Indebtedness

### 4.4.1 Bank Borrowings

As at 30, 2020, the Group had bank borrowings of B473.5 million (as at 31, 2019: B310.0 million), of which B201.0 million were secured. The increase in bank borrowings was primarily due to the increase in bank borrowings of B364.5 million, compared with B201.0 million for the period ended 31, 2019.

### 4.4.2 Contingent Liability

As at 30, 2020, the Group had no contingent liability. The Group had no contingent liability as at 31, 2019.

### 4.4.3 Asset Pledge

The Group had pledged assets of B1,000.0 million (as at 31, 2019: B1,000.0 million) as security for bank borrowings. The pledged assets included land and buildings, plant and equipment, and other assets. The increase in pledged assets was primarily due to the increase in bank borrowings of B364.5 million, compared with B201.0 million for the period ended 31, 2019.

### 4.4.4 Lease Liabilities

As at 30, 2020, the Group had lease liabilities of B24.2 million (as at 31, 2019: B186.0 million). The decrease in lease liabilities was primarily due to the decrease in lease liabilities of B161.8 million, compared with B186.0 million for the period ended 31, 2019.

### 4.4.5 Financial Instruments

The Group had financial instruments of B1,000.0 million (as at 31, 2019: B1,000.0 million). The financial instruments included bank borrowings, lease liabilities, and other financial instruments. The increase in financial instruments was primarily due to the increase in bank borrowings of B364.5 million, compared with B201.0 million for the period ended 31, 2019.

#### 4.4.6 Exposure to Fluctuation in Exchange Rates

A. The Group's operations are primarily conducted in the United States, with a significant portion of its sales and expenses denominated in US dollars. The Group's financial statements are presented in US dollars. The Group's exposure to fluctuations in exchange rates is primarily related to its investments in foreign subsidiaries and its operations in foreign currencies. The Group's exposure to fluctuations in exchange rates is primarily related to its investments in foreign subsidiaries and its operations in foreign currencies.

F. As of December 31, 2020, the Group's net assets were \$1,818,529, of which \$1,818,529 were denominated in US dollars. The Group's exposure to fluctuations in exchange rates is primarily related to its investments in foreign subsidiaries and its operations in foreign currencies. The Group's exposure to fluctuations in exchange rates is primarily related to its investments in foreign subsidiaries and its operations in foreign currencies.

#### 4.4.7 Gearing Ratio

A. As of December 31, 2020, the Group's net debt to capitalization ratio was 42.2% (December 31, 2019: 40.4%).

#### 4.4.8 Employees and Remuneration Policy

A. As of December 31, 2020, the Group had 3,136 employees (December 31, 2019: 2,845). The Group's remuneration policy is based on the performance of the Group and its employees. The Group's remuneration policy is based on the performance of the Group and its employees. The Group's remuneration policy is based on the performance of the Group and its employees.

C. The Group's remuneration policy is based on the performance of the Group and its employees. The Group's remuneration policy is based on the performance of the Group and its employees. The Group's remuneration policy is based on the performance of the Group and its employees.

A. The Group's remuneration policy is based on the performance of the Group and its employees. The Group's remuneration policy is based on the performance of the Group and its employees. The Group's remuneration policy is based on the performance of the Group and its employees.

A. 15  
 B. 26, 2019  
 C. 37  
 273,161  
 A. 14  
 23  
 180,516  
 0.2391%  
 C.  
 W.  
 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%
	<u>23</u>	<u>180,516</u>	<u>0.2391%</u>

C.  
 W.  
 (溫州箴言康寧投資管理合夥企業(有限合夥))  
 W.  
 48  
 48

## 5 PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the period from January 1, 2020 to December 31, 2020, the Company repurchased 899,700 shares of its common stock, which were repurchased through the exercise of the Company's stock repurchase program. The total cost of the repurchases was \$15,888,990. Details of the repurchases are as follows:

Repurchase period	Total number of H Shares repurchased	Price paid per share		Total consideration ( \$ )
		Highest ( \$ )	Lowest ( \$ )	
January 1, 2020	35,000	17.90	17.80	624,200
April 1, 2020	715,200	18.56	17.70	12,993,510
July 1, 2020	9,400	16.00	15.80	148,540
October 1, 2020	140,100	15.30	14.70	2,122,740
	<b>899,700</b>			<b>15,888,990</b>

The Company's stock repurchase program was suspended on October 13, 2020.

The Company's stock repurchase program is authorized by the Board of Directors and is subject to the terms and conditions set forth in the Company's stock repurchase program.

## 6 EVENTS AFTER THE REPORTING PERIOD

From October 30, 2020 to December 31, 2020, there were no events after the reporting period that have a material effect on the Company's financial position.



## 11.2 Interim Financial Statement

Financial Statements of the Company are prepared in accordance with the Accounting Standards for Financial Statements issued by the Institute of Cost Accountants of India.

### 11.2.1 Interim Consolidated Income Statement

(Amount in Lakhs of Indian Rupees)

	For the six months ended	
	2020 (Unaudited)	2019 (Audited)
<b>1. Revenue</b>	<b>465,150,452</b>	378,910,291
Cost of Sales	(336,864,754)	(286,882,183)
Depreciation and amortisation	(1,999,246)	(831,972)
Finance costs	(3,697,157)	(4,476,806)
Share of profit/loss of associates	(54,639,015)	(52,890,346)
Finance income	(2,637,407)	(2,304,024)
Other income	(11,846,196)	(10,198,874)
	<b>(14,086,629)</b>	(11,068,131)
Profit before tax	<b>2,454,371</b>	1,925,426
Income tax expense	<b>5,443,616</b>	6,567,461
Income tax credit	<b>(923,557)</b>	23,549,073
	<b>(1,019,927)</b>	(2,525,317)
Cost of sales	<b>(16,112,650)</b>	(10,730,916)
Other income	<b>-</b>	(18,587)



## 11.2.2 Interim Consolidated Statement of Financial Position

(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)

ASSETS	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>Current assets</b>		
Cash and cash equivalents	216,156,858	176,030,550
Financial assets at fair value through profit or loss	–	30,000,000
Accounts receivable	352,645,140	310,520,612
Prepaid expenses and other receivables	76,843,282	63,317,366
Assets held for sale	11,516,259	5,366,020
Other non-current assets	33,858,107	23,568,236
Goodwill	–	12,688,704
<b>Total current assets</b>	<b>691,019,646</b>	<b>621,491,488</b>
<b>Non-current assets</b>		
Investments in associates	51,281,869	51,281,869
Intangible assets	94,068,266	89,943,193

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>June 30, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	332,500,000	250,000,000
Contract liabilities	576,686	
Accounts receivable	63,565,539	75,554,960
Contract assets	10,772,528	8,562,126
Employee compensation and benefits	23,923,352	36,063,277
Deferred revenue	44,736,621	33,430,060
Other current liabilities	93,516,092	133,348,712
Contract liabilities	66,053,557	79,741,922
	<u>635,644,375</u>	<u>616,701,057</u>
<b>Total current liabilities</b>		
<b>Non-current liabilities</b>		
Accounts payable and accrued liabilities	100,500,000	20,000,000
Contract liabilities	186,013,332	183,808,151
Contract assets	580,000	2,260,000
Deferred revenue	2,000,000	2,000,000
Deferred compensation	9,797,371	9,949,267
Deferred revenue	25,949,596	21,124,118
	<u>324,840,299</u>	<u>239,141,536</u>
<b>Total non-current liabilities</b>		
<b>Total liabilities</b>	<u>960,484,674</u>	<u>855,842,593</u>
<b>Shareholders' equity</b>		
Common stock	75,500,000	75,500,000
Contributed surplus	826,376,743	824,715,445
Accumulated deficit	(37,817,508)	(21,721,144)
Retained earnings	33,189,321	33,189,321
Other equity	289,210,662	252,800,715
	<u>1,186,459,218</u>	<u>1,164,484,337</u>
<b>Total equity attributable to shareholders of the parent company</b>		
Equity attributable to non-controlling interests	127,964,021	97,024,925
	<u>1,314,423,239</u>	<u>1,261,509,262</u>
<b>Total shareholders' equity</b>		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>2,274,907,913</u></u>	<u><u>2,117,351,855</u></u>

### 11.2.3 Interim Consolidated Statements of Cash Flow

(A) (continued) (B) (continued) (C) (continued) (D) (continued) (E) (continued) (F) (continued) (G) (continued) (H) (continued) (I) (continued) (J) (continued) (K) (continued) (L) (continued) (M) (continued) (N) (continued) (O) (continued) (P) (continued) (Q) (continued) (R) (continued) (S) (continued) (T) (continued) (U) (continued) (V) (continued) (W) (continued) (X) (continued) (Y) (continued) (Z) (continued)

	For the six months ended	
	June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
<b>1. Cash flows from operating activities</b>		
Cash receipts from operations	411,405,749	337,771,543
Cash receipts from sale of property, plant and equipment	8,311,056	7,188,089
<b>Sub-total of cash inflows</b>	<b>419,716,805</b>	<b>344,959,632</b>
Cash payments for operations	(174,912,876)	(153,687,796)
Cash payments for acquisition of property, plant and equipment	(162,022,960)	(137,201,128)
Cash payments for acquisition of intangible assets	(14,474,391)	(20,832,826)
Cash payments for acquisition of subsidiaries	(50,507,831)	(29,080,692)
<b>Sub-total of cash outflows</b>	<b>(401,918,058)</b>	<b>(340,802,442)</b>
<b>Net cash flows from operating activities</b>	<b>17,798,747</b>	<b>4,157,190</b>
<b>2. Cash flows from investing activities</b>		
Cash receipts from sale of property, plant and equipment	30,010,000	447,095
Cash receipts from sale of intangible assets	96,370	
Cash receipts from sale of subsidiaries	3,870,905	
Cash payments for acquisition of property, plant and equipment	-	1,833,758
Cash payments for acquisition of intangible assets	-	2,555,426
<b>Sub-total of cash inflows</b>	<b>33,977,275</b>	<b>4,836,279</b>
Cash payments for acquisition of property, plant and equipment	(67,075,009)	(63,099,075)
Cash payments for acquisition of intangible assets	(15,145,000)	(13,020,000)
Cash payments for acquisition of subsidiaries	(25,593,510)	(1,246,349)
Cash payments for acquisition of investments	(2,600,000)	(3,351,048)
<b>Sub-total of cash outflows</b>	<b>(110,413,519)</b>	<b>(80,716,472)</b>
<b>Net cash flows used in investing activities</b>	<b>(76,436,244)</b>	<b>(75,880,193)</b>

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>3. Cash flows from financing activities</b>		
Cash received from the issue of shares	<b>23,361,500</b>	4,245,000
Interest received on bank deposits	<b>21,771,500</b>	4,245,000
Cash received from bank deposits	<b>367,285,789</b>	170,000,000
Cash received from other financing activities	<b>—</b>	—
<b>Sub-total of cash inflows</b>	<b>390,647,289</b>	174,245,000
Cash paid for the acquisition of property, plant and equipment	<b>(201,900,000)</b>	(146,000,000)
Cash paid for the acquisition of intangible assets	<b>(8,241,036)</b>	(6,647,896)
Cash paid for other financing activities	<b>(85,561,157)</b>	(47,538,263)
<b>Sub-total of cash outflows</b>	<b>(295,702,193)</b>	(200,186,159)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>94,945,096</b>	(25,941,159)
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>116,743</b>	(758,597)
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	<b>36,424,342</b>	(98,422,759)

## 11.2.4 Interim Consolidated Statement of Changes in Shareholders' Equity

(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)

	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 paid	-	-	-	-	-	21,771,500	21,771,500	
Share repurchases	-	3,914,851	(1,590,000)	-	-	-	2,324,851	
Share-based compensation	-	(2,253,553)	-	-	-	(1,709,223)	(3,962,776)	
Business combinations	-	-	(14,506,364)	-	-	-	(14,506,364)	
Other	-	-	-	-	-	18,385,531	18,385,531	
Balance at June 30, 2020 (Unaudited)	<u><u>75,500,000</u></u>	<u><u>826,376,743</u></u>	<u><u>(37,817,508)</u></u>	<u><u>33,189,321</u></u>	<u><u>289,210,662</u></u>	<u><u>127,964,021</u></u>	<u><u>1,314,423,239</u></u>	

Equity attributable to shareholders of the parent company

Share capital  
Capital surplus

## 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) 截至 2020 年 6 月 30 日止期间及 2019 年 12 月 31 日止年度末应收账款账龄分析表		June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
1 账龄在 1 年以内	6,750,000	8,250,000	
2 账龄在 1 年至 2 年以内	384,779,056	330,174,215	
3 账龄在 2 年至 3 年以内	391,529,056	338,424,215	
4 账龄在 3 年以上	(38,883,916)	(27,903,603)	
合计	<u>352,645,140</u>	<u>310,520,612</u>	
截至 2020 年 6 月 30 日止期间及 2019 年 12 月 31 日止年度末应收账款账龄分析表		June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
1 账龄在 1 年以内	307,256,118	266,932,953	
2 账龄在 1 年至 2 年以内	54,328,309	57,988,407	
3 账龄在 2 年至 3 年以内	24,130,088	13,089,001	
4 账龄在 3 年以上	5,814,541	413,854	
合计	<u>391,529,056</u>	<u>338,424,215</u>	
应收账款账龄分析表, 截至 2020 年 6 月 30 日止期间及 2019 年 12 月 31 日止年度末			

### 11.3.2 Accounts Payable

(A) (Unaudited)		(B) (Audited)	
June 30, 2020		December 31, 2019	
(Unaudited)		(Audited)	
Accounts payable	54,973,453	65,881,555	
Accounts receivable	5,224,098	7,479,995	
Prepaid expenses	2,277,029	1,381,101	
Other receivables	578,371	506,880	
Other assets	276,874	94,816	
Other liabilities	235,714	210,613	
	<u>63,565,539</u>	<u>75,554,960</u>	

### 11.3.3 Revenue and Cost of Sales

(A) (Unaudited)		(B) (Audited)	
For the six months ended June 30, 2020		December 31, 2019	
(Unaudited)		(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>	
Cost of sales	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**

(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)

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





12 DEFINITIONS

- A. C. -
- B.  - C., (北京怡寧醫院有限公司), A, 17, 2015, C, w, -w, w.
- B. - C.
- C.  - C., (蒼南康寧醫院有限公司), 15, 2012, C, w, -w, w.
- C.  - C., (長春康林心理醫院有限公司), C, w, F, 16, 2016, C, -w, w.
- C. - C.,  w, C, w, B. E (C: 2120)
- C. C. - C, A, 14
- D. (-) - (-) C.
- D.  (-) - (-) C, w, B1.00, w, B, w.
- C., (溫州怡寧老年醫院有限公司), C, w, 2, 2015, w, C.
- C.
- (-) - (-) C, w, B1.00, B. E

\$- D-  
-  
-  
- E -  
- E -  
- C., (淮南康寧醫院有限公司),  
-  
- C., (廊坊怡寧醫院有限公司),  
- C., (廊坊市怡寧醫院管理有限公司),  
- C., (台州市路橋慈寧醫院有限公司),  
- C., (台州市路橋怡寧醫院有限公司),  
- C., (青田康寧醫院有限公司),  
- C., (衢州怡寧醫院有限公司),

W.,  
A., )  
E.,  
W.,  
E.,  
C., (淮南康寧醫院有限公司),  
22, 2017,  
W.,  
C., (廊坊怡寧醫院有限公司),  
W.,  
C., (廊坊市怡寧醫院管理有限公司),  
D., 2, 2015,  
C.,  
W.,  
A., 2, 2020  
C., (台州市路橋慈寧醫院有限公司),  
W.,  
C., (台州市路橋怡寧醫院有限公司),  
D., 12, 2016,  
C.,  
W.,  
A., )  
C.,  
W.,  
C., (青田康寧醫院有限公司),  
A., 1, 2011,  
C.,  
W.,  
C., (衢州怡寧醫院有限公司),  
20, 2015,  
C.,  
W.,  
I., 30, 2020



司),  
D 12, 2012,  
%-

B  
Wenzhou Kangning Hospital Co., Ltd.  
GUAN Weili  
C

Aug. 28, 2020

A C D A  
A A D A  
A D A