康宁

Wenzhou Kangning Hospital Co., Ltd.

溫州康寧醫院股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 2120)

1.1 The boa d of di ec o (he) of Wen ho Kangning Ho pi al Co., L d. (he) i plea ed o anno nce he in e im e l of he Compan and i b idia ie (collec i el , he o) fo he i mon h ended J ne 30, 2016 (he) i h compa a i e fig e fo he i mon h ended J ne 30, 2015.

1.2 The conden ed con olida ed financial info ma ion of he G o p fo he Repo ing Pe iod (he) i p epa ed in acco dance i h he In e na ional Financial Repo ing S anda d (he).

		2015
	B'000	RMB'000
		(A di ed)
Re en e	[illegible]	160,743
P ofi befo e income a	[illegible]	37,086
Income a e pen e	[illegible]	(9,732)
To al comp ehen i e income	[illegible]	27,354
To al comp ehen i e income a ib able o eq i holde of he Compan	[illegible]	29,130
Non-con olling in e e	[illegible]	(1,776)

		A of Decembe 31, 2015
	B'000	RMB'000
		(A di ed)
To al a e	[illegible]	1,224,434
To al liabili ie	[illegible]	262,205
To al eq i	[illegible]	962,229
Eq i a ib able o o ne of he Compan	[illegible]	959,716
Non-con olling in e e	[illegible]	2,513

In he fi half of 2016, he People' Rep blic of China (he o) con in ed o p omo e he efo m of i heal hca e em. While con in o l enhancing he ope a ional capabili ie of o ne o k of heal hca e facili ie , e implemen ed ce ain mid- and long- e m de elopmen a egie o a o la a fo nda ion fo he long- e m de elopmen of he Compan . De ail of he p og e e ha e made a e a follo :

In Ap il and Ma 2016, Linhai Kangning Ho pi al (臨海康寧醫院) and Wen ho Yining Ge ia ic Ho pi al (溫州怡寧老年醫院) ( ) cce i el commenced ope a ion, and achie ed a i fac o e l in e m of ili a ion a e of ho pi al bed in a ho pe iod. On Ma ch 31, 2016, e officiall managed P jiang H angfeng P chia ic Special Ho pi al (浦江黃鋒精神專科醫院) ( ) and Ch n'an H angfeng Kang'en Ho pi al (淳安黃鋒康恩醫院) ( ) h o gh en e ing in o ag eemen o b c ibe fo egi e ed capi al and o p o ide managemen and con u l anc e ice . Fo de ail , plea e efe o he Compan ' 2015 ann al epo p bli hed on Ap il 29, 2016. A of he end of J ne 2016, he n mbe of he G o p' heal hca e facili ie inc ea ed o 13, and he n mbe of bed in ope a ion inc ea ed o 3,000.

We al a ee alen fo e ing a a ke fac o fo he long- e m de elopmen of he Compan . D ing he Repo ing Pe iod, he Compan en e ed in o a f ame o k ag eemen i h Wen ho Medical Uni e i * (溫州醫科大學) in ela ion o he p opo ed e abli hmen and ope a ion of he P chia School of Wen ho Medical Uni e i * (溫州醫科大學精神醫學學院). The chool a e abli hed on Ma ch 20, 2016 and i i ched led ha 60 u nde g ad a e and i g ad a e u den majo ing in p chia , and 30 u nde g ad a e majo ing in applied p cholog ill be en olled in A g 2016.

In o de o e e e mo e me ge and acq i i ion a ge fo he fi u e de elopmen of he Compan , on Feb u a 22, 2016, he Compan en e ed in o a pa ne hip ag eemen i h, among o he , Shanghai Jinp Jianfi Eq i In e men Managemen Co., L d. (上海金浦健服股權投資管理有限公司,) in ela ion o he Compan ' con ib ion of RMB50.0 million fo he e abli hmen of he Chongqing Jinp Heal hca e Se ice Ind ial Eq i In e men F nd L.P. (重慶金浦醫療健康服務產業股權投資基金合夥企業(有限合夥)), he). On he ame da e, he Compan and Jinp Jianfi , he managing pa ne of he In e men F nd, en e ed in o a a egic coope a ion ag eemen in ela ion o, among o he , ce ain igh of he Compan a a limi ed pa ne of he In e men F nd. Fo de ail , plea e efe o he Compan ' ann ncemen da ed Feb u a 23, 2016. The In e men F nd a e abli hed in he PRC on Ma ch 22, 2016.

In addi ion, d ing he Repo ing Pe iod, Didi P cholog (的的心理), an online p chological con u l a ion pla fo m hich he Compan in e ed in and de eloped, a officiall la nched and p og e a made in ma ke ing. A of J ne 30, 2016, 92 p chia i and 227 p chological con u l an e e u cce fi ll egi e ed u pon e amina ion and app o al, and 1,578 ca e of p chological con u l a ion e e comple ed h o gh he pla fo m. We ill fi he op imi e he f nc ion of Didi P cholog and enhance u e e pe ience.

Looking in o he fi u e, e ill al o peed u p he p epa a ion fo he opening of Ping ang Kangning Ho pi al (平陽康寧醫院), Q ho Yining Ho pi al (衢州怡寧醫院) and Shen hen Yining Ho pi al (深圳怡寧醫院), aiming fo hem o commence ope a ion in he econd half of 2016. Mean hile, e ha e ecei ed n me o e pon e o he En ep ene ial P og am fo 100 People (百人創業計劃) e la nched a he beginning of 2016. We ill al o accele a e he e pan ion of he heal hca e facili ie ne o k of he G o p h o gh in eg a ing e i ing e o ce .

The G o p achie ed e en e of RMB189.1 million d ing he Repo ing Pe iod, ep e en ing an inc ea e of 17.6% a compa ed i h ha of he ame pe iod of 2015. The e en e f om ope a ing he G o p' o ned ho pi al and ha f om managemen e ice fee f om managing heal hca e facili ie bo h inc ea ed. The g o p ofi ma gin of o o ned ho pi al dec ea ed o 36.0%, and he g o p ofi ma gin of heal hca e facili ie managemen b ine a 51.1%. The o e all g o p ofi ma gin of he G o p d ing he Repo ing Pe iod dec ea ed o 36.7% (i mon h ended J ne 30, 2015: 40.6%) d e o lo e ili a ion a e of ne facili ie . D ing he Repo ing Pe iod, ne p ofi a ib able o ha eholde amo n ed o RMB28.2 million, ep e en ing a dec ea e of 3.2% a compa ed i h ha of he ame pe iod of 2015.

4.1.1

The G o p gene a e e en e mainl h o gh he follo ing o a : (i) e en e f om ope a ing i o ned ho pi al , and (ii) managemen e ice fee f om managing heal hca e facili ie .

The able belo e fo h a b eakdo n of o al e en e fo he pe iod indica ed:

		2015
	(B'000)	*(RMB'000)*
		(A di ed)
Re en e f om ope a ing he G o p' o ned ho pi al		155,169
Managemen e ice fee income		5,574
To al e en e		160,743

During the Reporting Period, total revenue of the Group amounted to RMB189.1 million, representing an increase of 17.6% as compared with that of the same period of 2015, primarily due to (i) the increase of revenue from operating the Group's owned hospitals by 16.2% and (ii) the increase of management service fee income by 58.5%. Revenue from operating the Group's owned hospitals accounted for 95.3% of total revenue (six months ended June 30, 2015: 96.5%) and management service fee income accounted for 4.7% of total revenue (six months ended June 30, 2015: 3.5%).

Revenue and cost of revenue from operating the Group's owned hospitals

Revenue from operating the Group's owned hospitals consists of fees charged for the outpatient visits and the inpatient services at its various hospitals, including treatment and general healthcare services, pharmaceutical sales and ancillary hospital services. The table below sets forth a breakdown of our revenue and cost of revenue for operating the Group's owned hospitals for the periods indicated:

	Six months ended June 30,	
	2016	2015
	(RMB'000)	*(RMB'000)*
	(Unaudited)	(Audited)
Treatment and general healthcare services	[illegible]	111,945
Pharmaceutical sales	[illegible]	42,227
Ancillary hospital services	[illegible]	997
Total revenue	[illegible]	155,169
Cost of revenue	[illegible]	94,115
Gross profit	[illegible]	61,054

During the Reporting Period, revenue from the Group's owned hospitals amounted to RMB180.3 million, representing an increase of 16.2% as compared with that of the same period of 2015.

The able belo e fo h a b eakdo n of e en e of he G o p' o ned ho pi al b inpa ien and o pa ien fo he pe iod indica ed, i h ele an ope a ing da a:

	[illegible]	2015
Inpa ien		
Inpa ien bed a a pe iod end	[illegible]	1,913
Effec i e inpa ien e ice bed-da capaci	[illegible]	346,253
U ili a ion a e *(%)*	[illegible]	95.0%
N mbe of inpa ien bed-da	[illegible]	328,893
T ea men and gene al heal hca e e ice e en e a ib able o inpa ien *(RMB'000)*	[illegible]	104,964
A e age inpa ien pending pe bed-da on ea men and gene al heal hca e e ice *(RMB)*	[illegible]	319
Pha maca ical ale e en e a ib able o inpa ien *(RMB'000)*	[illegible]	18,963
A e age inpa ien pending pe bed-da on pha maca ical ale *(RMB)*	[illegible]	58
[illegible] *(B'000)*	[illegible]	123,927
[illegible] *(B)*	[illegible]	377
O pa ien		
N mbe of o pa ien i i	[illegible]	60,944
T ea men and gene al heal hca e e ice e en e a ib able o o pa ien *(RMB'000)*	[illegible]	6,981
A e age o pa ien pending pe i i on ea men and gene al heal hca e e ice *(RMB)*	[illegible]	115
Pha maca ical ale e en e a ib able o o pa ien *(RMB'000)*	[illegible]	23,264
A e age o pa ien pending pe i i on pha maca ical ale *(RMB)*	[illegible]	382
[illegible] *(B'000)*	[illegible]	30,245

		2015
(B)		497
(B’000)		111,945
(B’000)		42,227

D ing he Repo ing Pe iod, inpa ien e en e amo n ed o RMB143.7 million, ep e en ing an inc ea e of 16.0% a compa ed i h ha of he ame pe iod of 2015, p ima il d e o (i) he inc ea e of inpa ien bed-da b 12.7% and (ii) he inc ea e of a e age inpa ien pending pe bed-da b 2.9%. Inpa ien e en e acco n ed fo 79.7% of o e en e f om ope a ing o n ho pi al (i mon h ended J ne 30, 2015: 79.9%).

D ing he Repo ing Pe iod, o pa ien e en e amo n ed o RMB35.3 million, ep e en ing an inc ea e of 16.6% a compa ed i h ha of he ame pe iod of 2015, p ima il d e o (i) he inc ea e of o pa ien i i b 13.0% and (ii) he inc ea e of a e age o pa ien pending pe i i b 3.0%. O pa ien e en e acco n ed fo 19.6% of o e en e f om ope a ing o n ho pi al (i mon h ended J ne 30, 2015: 19.5%).

D ing he Repo ing Pe iod, d e o he inc ea e of bo h inpa ien and o pa ien b ine , e en e f om ea men and gene al heal hca e e ice inc ea ed b 15.6% a compa ed i h ha of he ame pe iod of 2015, acco n ing fo 71.8% of o e en e f om ope a ing o n ho pi al (i mon h ended J ne 30, 2015: 72.1%); and e en e f om pha mace ical ale inc ea ed b 17.4% a compa ed i h ha of he ame pe iod of 2015, acco n ing fo 27.5% of o e en e f om ope a ing o n ho pi al (i mon h ended J ne 30, 2015: 27.2%).

Co of e en e of he o ned ho pi al of he G o p p ima il con i ed of pha mac ical and con mable ed, emplo ee benefi and e pen e , lea ing e pen e , dep ecia ion and amo i a ion, can een e pen e and e ing fee . The able belo e fo h a b eakdo n of co of e en e fo ope a ing he G o p' o ned ho pi al fo he pe iod indica ed:

	[illegible]	2015 (*RMB'000*) (A di ed)
Pha mac ical and con mable ed	[illegible]	41,266
Emplo ee benefi and e pen e	[illegible]	33,343
Lea ing e pen e	[illegible]	3,352
Dep ecia ion and amo i a ion	[illegible]	6,706
Can een e pen e	[illegible]	4,399
Te ing fee	[illegible]	1,590
O he	[illegible]	3,459
Co of e en e	[illegible]	94,115

D ing he Repo ing Pe iod, he co of e en e of he G o p' o ned ho pi al inc ea ed o RMB115.3 million, ep e en ing an inc ea e of 22.5% a compa ed i h ha of he ame pe iod of 2015, hich a highe han he inc ea e of e en e. I a mainl d e o: (i) he inc ea e of 16.5% in pha mac ical e pen e ela ing o inc ea e in e en e f om pha mac ical ale ; (ii) he inc ea e of 19.5% in emplo ee benefi and e pen e a i ing f om he inc ea e in bed in ope a ion of o o ned ho pi al ; (iii) ne l added lea ing e pen e and dep ecia ion and amo i a ion of RMB0.9 million of Linhai Kangning Ho pi al hich a ne l p in o ope a ion in 2016.

F om he co componen c e pe pec i e, pha mace ical and con mable ed i ill he main pa of co of e en e of he o ned ho pi al , acco n ing fo 41.7% (i mon h ended J ne 30, 2015: 43.8%). The econd pa i emplo ee benefi and e pen e , hich acco n ed fo 34.6% of co of e en e of he o ned ho pi al (i mon h ended J ne 30, 2015: 35.4%). Lea ing e pen e , oge he i h dep ecia ion and amo i a ion, acco n ed fo 10.3% of co of e en e of o ned ho pi al (i mon h ended J ne 30, 2015: 10.7%).

Management service fee income

The G o p' managemen e ice fee income i p ima il de i ed f om ende ing managemen e ice o o he heal hca e facili ie . The able belo e fo h he b eakdo n of o managemen e ice fee income and co fo he pe iod indica ed:

	[illegible]	2015
	(B'000)	*(RMB'000)*
	[illegible]	(A di ed)
Re en e	[illegible]	5,574
Co of e en e	[illegible]	1,390
G o p ofi	[illegible]	4,184

D ing he Repo ing Pe iod, managemen e ice fee income of he G o p amo n ed o RMB8.8 million, ep e en ing an inc ea e of 58.5% a compa ed i h ha of he ame pe iod of 2015 and acco n ing fo 4.7% of he o al e en e of he G o p, d e o he con ib ion of he managemen e ice fee in ela ion o he ne l -en ed Beijing Yining Ho pi al (北京怡寧醫院) in he econd half of 2015 and R jiang Ho pi al and Ch n'an Ho pi al a ing f om Ap il 1, 2016. A of J ne 30, he G o p managed 6 heal hca e facili ie , i h 700 bed in ope a ion.

Co of he G o p fo ende ing managemen e ice p ima il incl de benefi and e pen e fo managemen aff a igned and amo i a ion of ope a ion igh acq i ed fo ob aining managemen igh .

Co of e en e of managemen e ice inc ea ed o RMB4.3 million, ep e en ing an inc ea e of 210.7% a compa ed i h ha of he ame pe iod of 2015, o pacing he inc ea e of e en e, mainl beca e in Ap il 2015, e commenced managemen of Yanjiao F en Ho pi al of T adi ional Chine e and We e n Medicine (燕郊輔仁中西醫結合醫院) ( ). The G o p acq i ed 19 ea and 9 mon h of ope a ion igh of hi ho pi al and ecogni ed RMB93.1 million of in angible a e . RMB2.4 million a amo i ed fo ch ope a ion igh d ing he Repo ing Pe iod (i mon h ended J ne 30, 2015: 1.2 million). Acco dingl , g o p ofi ma gin dec ea ed o 51.1% (i mon h ended J ne 30, 2015: 75.1%).

4.1.2

D ing he Repo ing Pe iod, o al g o p ofi of he G o p amo n ed o RMB69.5 million, ep e en ing an inc ea e of 6.5% a compa ed i h ha of he ame pe iod of 2015. O e all g o p ofi ma gin dec ea ed o 36.7% (i mon h ended J ne 30, 2015: 40.6%), mainl d e o (i) he dec ea e in g o p ofi ma gin of he G o p' o ned ho pi al a a e l of lo ili a ion a e of bed of Linhai Kangning Ho pi al and Ge ia ic Ho pi al hich a e ne l opened in Ap il and Ma 2016, e pec i el ; and (ii) ince Yanjiao F en Ho pi al a e o make p ofi , e did no ecogni e an managemen e ice fee acco ding o he managemen ag eemen hich had a nega i e impac on he g o p ofi ma gin of he managemen and e ice b ine .

Addi ionall , he g o p ofi ma gin of pha mace ical ale a 17.6% fo he Repo ing Pe iod (i mon h ended J ne 30, 2015: 18.3%).

4.1.3

O he income of he G o p con i of go e nmen g an and in e men income. D ing he Repo ing Pe iod, o he income amo n ed o RMB3.0 million, ep e en ing an inc ea e of 3,096.8% a compa ed i h ha of he ame pe iod of 2015, p ima il d e o he inc ea e in in e e income f om e m depo i .

4.1.4

D ing he Repo ing Pe iod, he elling e pen e of he G o p amo n ed o RMB1.0 million (i mon h ended J ne 30, 2015: RMB0.5 million), ep e en ing an inc ea e of 97.3% a compa ed i h ha of he ame pe iod of 2015, mainl d e o he inc ea e in p omo ion e pen e of he ne l -opened Linhai Kangning Ho pi al and Ge ia ic Ho pi al in Ap il and Ma 2016, e pec i el .

4.1.5 A

Admini a i e e pen e of he G o p p ima il con i of benefi and e pen e fo he managemen and admini a i e aff, e pen e of he ne l -b il ho pi al p io o hei commencemen of ope a ion, dep ecia ion, amo i a ion and o he . The able belo e fo h a b eakdo n of o admini a i e e pen e fo he pe iod indica ed:

		2015
	(B'000)	(RMB'000)
		(A di ed)
Emplo ee benefi and e pen e	[illegible]	8,542
Lea ing e pen e	[illegible]	7,765
Dep ecia ion and amo i a ion	[illegible]	2,096
T a elling e pen e	[illegible]	772
Con l anc e pen e	[illegible]	200
Dona ion	[illegible]	823
P o i ion fo impai men of ecei able	[illegible]	2,961
O he	[illegible]	3,430
To al admini a i e e pen e	[illegible]	26,589

D ing he Repo ing Pe iod, admini a i e e pen e of he G p amo n ed o RMB39.6 million (i mon h ended J ne 30, 2015: RMB26.6 million), ep e en ing a b an ial inc ea e of 49.0% a compa ed o he ame pe iod of 2015, p ima il d e o: (i) an inc ea e of RMB6.7 million in o emplo ee benefi and e pen e a a e l of he inc ea e in (1) o managemen , e ea ch and info ma ion echnolog aff and (2) o e ed aff fo he opening of Linhai Kangning Ho pi al and Ge ia ic Ho pi al; (ii) an inc ea e of RMB1.3 million in he con l anc e pen e fo mee ing he li ing eq i emen af e he li ing of he Compan ; and (iii) e pen e p ima il ela ed o de eloping and p omo ing Didi P cholog online pla fo m inc ea ed b RMB3.4 million. D ing he Repo ing Pe iod, he p opo ion of admini a i e e pen e o o al e en e of he G p inc ea ed o 20.9% (i mon h ended J ne 30, 2015: 16.5%).

4.1.6

O finance income incl de in e e income f om bank depo i and he gain on fo eign e change, and he finance e pen e incl de he in e e e pen e on bank loan and he financial e pen e in ela ion o long- e m pa able . The able belo e fo h a b eakdo n of o financial income and e pen e fo he pe iod indica ed:

		2015
	(B'000)	*(RMB'000)*
		(A di ed)
In e e income		307
E change gain		
Finance income		307
Finance e pen e		(1,334)
Finance income/e pen e ne		(1,027)

D ing he Repo ing Pe iod, he ne finance income of he G o p inc ea ed o RMB7.7 million, p ima il a ib able o (i) he inc ea e of RMB0.6 million in he in e e income of he p oceed f om he ini ial p blic offe ing depo i ed in he bank, and (ii) he inc ea e in he e change gain of RMB9.6 million a i ing f om he highe e change a e of Hong Kong dolla again RMB d e o he fac ha he p oceed f om he ini ial p blic offe ing e e depo i ed in Hong Kong dolla . Finance e pen e mainl comp i ed he finance e pen e of RMB2.8 million mea ed a he effec i e in e e a e f om he long- e m pa able in ela ion o he en ed managemen of Yanjiao F en Ho pi al, ep e en ing an inc ea e of 108.4% a compa ed i h he ame pe iod of 2015, p ima il beca e e e a ed o nde ake he en men of Yanjiao F en Ho pi al in Ap il 2015 and he ame pe iod of 2015 onl incl de h ee mon h of in e e calc la ion acco dingl .

4.1.7 A

D ing he Repo ing Pe iod, ha e of lo e of in e men acco n ed fo ing he eq i me hod amo n ed o RMB2.2 million (fo he i mon h ended J ne 30, 2015: nil), ep e en ing o 49% eq i in e e in Beijing Yining Ho pi al, hich commenced ope a ion in Sep embe 2015 and eco ded lo af e a of RMB4.5 million d ing he Repo ing Pe iod.

4.1.8

D ing he Repo ing Pe iod, income a e pen e inc ea ed o RMB10.5 million, ep e en ing an inc ea e of 8.2% a compa ed i h he ame pe iod of 2015, p ima il d e o he fac ha defe ed income a a e e e no ecogni ed fo lo e of Hang ho Honglan Info ma ion Technolog Co., L d. (杭州宏瀾信息科技有限公司) ( ) of he pe iod. Fo he i mon h ended J ne 30, 2015 and 2016, o ac al a a e e e 26.2% and 28.6%, e pec i el . The inc ea e in ac al a a e fo he Repo ing Pe iod a mainl d e o he inc ea e in fee no ded c ed befo e a .

4.1.9

D ing he Repo ing Pe iod, o al comp ehen i e income a ib able o o ne of he Compan amo n ed o RMB28.2 million, ep e en ing a dec ea e of 3.2% a compa ed i h he ame pe iod of 2015, p ima il d e o he follo ing ea on :

(i) e pen e of de eloping and p omo ing he online p chological con l a ion pla fo m inc ea ed b RMB3.4 million;

(ii) Ge ia ic Ho pi al, hich commenced ope a ion in Ma 2016, eco ded lo af e a of RMB3.3 million;

(iii) Linhai Kangning ho pi al, hich commenced ope a ion in Ap il 2016, eco ded lo af e a of RMB3.0 million;

(i) ha e of lo of in e men acco n ed fo ing he eq i me hod inc ea ed b RMB2.2 million, d e o af e a lo of RMB4.5 million of Beijing Yining Ho pi al; and

( ) co and e pen e ela ing o managing Yanjiao F en Ho pi al inc ea ed b RMB3.2 million.

4.2.1

A of J ne 30, 2016, in en o balance inc ea ed o RMB9.3 million (a of Decembe 31, 2015: RMB7.5 million), p ima il d e o he inc ea e in pha mace ical in en o of ne l -opened Linhai Kangning Ho pi al and Ge ia ic Ho pi al.

4.2.2

A of J ne 30, 2016, he balance of ade ecei able ligh l inc ea ed o RMB129.5 million (a of Decembe 31, 2015: RMB123.1 million), p ima il d e o: (i) he inc ea e in o e en e o e he ame pe iod in line i h he b ine g o h of o heal hca e facili ie ; and (ii) he inc ea e in he amo n of ade ecei able a ib able o medical in ance p og am . App o ima el 70.0% of he ade ecei able of he G o p e e ei he bill no p e en ed o aged i hin i mon h .

4.2.3

A of Ju ne 30, 2016, o he ecei able , depo i and p epa men inc ea ed o RMB109.7 million (a of Decembe 31, 2015: RMB91.0 million), p ima il du e o depo i of RMB38.1 million ela ing o he acqu i i ion of equ i in e e in Wen hou G oda In e men Compan (溫州國大投資有限公司) ( ) and he c edi o ' igh held b Gu oda In e men ' ce ain c edi o . Fo de ail , plea e efe o he Compan ' annou ncemen da ed Ju ne 2, 2016.

4.2.4 A - - A

A of Ju ne 30, 2016, a ailable-fo - ale financial a e balance inc ea ed b RMB50.0 million, p ima il du e o ou con ibu ion o he In e men Fu nd. Fo de ail , plea e efe o he Compan ' annou ncemen da ed Feb u a 23, 2016.

4.2.5

A of Ju ne 30, 2016, ade pa able inc ea ed o RMB30.3 million (a of Decembe 31, 2015: RMB20.0 million), of hich app o ima el 90.6% aged i hin 90 da .

4.2.6 A

A of Ju ne 30, 2016, acc u al and o he pa able dec ea ed o RMB164.3 million (a of Decembe 31, 2015: RMB166.4 million).

The able belo e fo h he info ma ion a e ac ed f om he conden ed con olida ed ca h flo a emen of he G o p fo he pe iod indica ed:

		2015
	(B'000)	*(RMB'000)*
		(A di ed)
Ne ca h gene a ed f om/(ed in) ope a ing ac i i ie		(14,018)
Ne ca h ed in in e ing ac i i ie		(60,982)
Ne ca h gene a ed f om financing ac i i ie		77,553
Ne (dec ea e)/inc ea e in ca h and ca h eq i alen		2,553

4.3.1 /( ) A

D ing he i mon h ended J ne 30, 2016, ne ca h gene a ed f om ope a ing ac i i ie amo n ed o RMB38.0 million. We had ne ca h gene a ed f om ope a ing ac i i ie befo e change in o king capi al of RMB44.5 million, p ima il con i ing of p ofi befo e a of RMB36.8 million and adj men fo dep ecia ion of p ope , plan and eq ipmen of RMB10.2 million. Change in o king capi al e l ed in ca h inflo of RMB7.1 million. We had ca h o flo of RMB13.6 million a ib able o o income a paid.

4.3.2 A

D ing he Repo ing Pe iod, ne ca h ed in in e ing ac i i ie amo n ed o RMB159.0 million, p ima il d e o: (i) p cha e of p ope , plan and eq ipmen and in angible a e of RMB71.4 million, con i ing of (1) amo n paid and p epaid o eno a e and pg ade Wen ho Kangning Ho pi al, (2) amo n paid o eno a e Ge ia ic Ho pi al p io o i opening and (3) amo n fo p cha ing p ope ie of Ping ang Kangning Ho pi al; and (ii) RMB50.0 million fo he con ib ion o he In e men F nd.

4.3.3 A

D ing he Repo ing Pe iod, ne ca h gene a ed f om financing ac i i ie amo n ed o RMB22.1 million, p ima il d e o a loan of RMB50.0 million f om China CITIC Bank, hich off e epa men of he loan of RMB30.0 million f om China CITIC Bank.

4.3.4 , A A

On Feb a 22, 2016, he Compan en e ed in o a a egic coope a ion ag eemen o con ib e RMB50.0 million o he In e men F nd, hich hall in e in heal hca e and o he mode n e ice ind ie . In p inciple, he In e men F nd' in e men in he heal hca e e ice ind hall be no le han 80% of i o al amo n a ailable fo in e men . Plea e efe o he anno ncemen of he Compan da ed Feb a 23, 2016 fo de ail .

On J ne 2, 2016, he Compan en e ed in o an ag eemen i h Wen ho Medical Uni e i A e Managemen Compan Limi ed* (溫州醫科大學資產經營有限公司, he) and Wen ho Medical Uni e i in ela ion o (i) he acq i i ion of 51% of he eq i in e e in G oda In e men b he Compan f om he Vendo and (ii) he acq i i ion b he Compan of Wen ho Medical Uni e i ' c edi o ' igh in ela ion o ce ain m o ed o i b G doa In e men . The Compan hall pa he con ide a ion fo he acq i i ion of eq i in e e of app o ima el RMB17.5 million and pa he con ide a ion fo he acq i i ion of c edi o ' igh of app o ima el RMB20.6 million. Plea e efe o he anno ncemen of he Compan da ed J ne 2, 2016 fo de ail .

Sa e a di clo ed abo e, he G o p had no o he ignifican in e men , acq i i ion o di po al d ing he i mon h ended J ne 30, 2016.

4.4.1 B B

A of J ne 30, 2016, he balance of bank bo o ing of he G o p amo n ed o RMB70.0 million (a of Decembe 31, 2015: RMB50.0 million), p ima il a ib able o he addi ional bo o ing of RMB50.0 million de igna ed fo con c ion p po e and he epa men of bo o ing of RMB30.0 million a o king capi al in he mean ime d ing he Repo ing Pe iod. The bank bo o ing d e i hin one ea amo n ed o RMB20.0 million, hil bank bo o ing d e in o e one ea amo n ed o RMB50.0 million.

* *For identification purposes only*

4.4.2

A of J ne 30, 2016, he G o p had no con ingen liabili ie o g a an ee ha o ld ha e a ma e ial impac on he financial po i ion o ope a ion of he G o p.

4.4.3 A

A of J ne 30, 2016, none of he G o p' a e had been pledged.

4.4.4

The con ac al obliga ion of he G o p p ima il con i of ope a ing lea e a angemen . A of J ne 30, 2016, he fi e agg ega e minim m lea e pa men nde non-cancellable lea e ag eemen e e RMB194.7 million.

4.4.5

Financial in men of he G o p con i of ade ecei able , a ailable-fo - ale financial a e , amo n d e f om ela ed pa ie , o he ecei able , e m depo i , ca h and ca h eq i alen , bank bo o ing , ade and o he pa able . The Compan ' managemen manage and moni o he e e po e o en e effec i e mea e a e implemen ed on a imel manne .

4.4.6

The G o p depo i ce ain of i financial a e in fo eign c encie , hich mainl in ol e i k of fl c a ion in he e change a e of Hong Kong dolla again Renminbi. The G o p i e po ed o fo eign e change i k acco dingl .

D ing he i mon h ended J ne 30, 2016, he G o p ha no ed an de i a i e financial in men o hedge again i e po e o c enc i k . The managemen of he Compan manage he c enc i k b clo el moni o ing he mo emen of he fo eign c enc a e and ill con ide hedging again ignifican fo eign c enc e po e ho ld ch need a i e.

4.4.7

A of J ne 30, 2016, he G o p' gea ing a io (o al in e e -bea ing liabili ie di ided b o al a e) a 12.7% (a of Decembe 31, 2015: 11.8%).

D ing he Repo ing Pe iod, nei he he Compan no an of i b idia ie p cha ed, old o edeemed an of he Compan ' li ed eq i ie .

The Compan ' a di commi ee ha e ie ed he G o p' na di ed in e im e l fo he i mon h ended J ne 30, 2016 and ha opined ha applicable acco n ing anda d and eq i emen ha e been complied i h and ha adeq a e di clo e ha e been made b he Compan .

The Compan ' a di commi ee con i of o independen non-e ec i e di ec o of he Compan , M . HUANG Zhi (he chai man of he a di commi ee of he Compan) and M . GOT Chong Ke Cle in, and one non-e ec i e di ec o of he Compan , M . HE Xin. Among hem, M . HUANG Zhi ha he app op ia e p ofe ional q alifica ion (a ce ified p blic acco n an acc edi ed b he Chine e In i e of Ce ified P blic Acco n an (中國註冊會計師協會)).

The Boa d doe no ecommend he pa men of an in e im di idend fo he i mon h ended J ne 30, 2016 (fo he i mon h ended J ne 30, 2015: nil).

The Compan ha complied i h all code p o i ion in he Co po a e Go e nance Code e o in Appendi 14 o he R le Go e ning he Li ing of Sec i ie on The S ock E change of Hong Kong Limi ed d ing he Repo ing Pe iod.

The acco n ing policie applied a e con i en i h ho e of he ann al financial a emen fo he ea ended Decembe 31, 2015, a de c ibed in ho e ann al financial a emen e cep fo he adop ion of amendmen o IFRS effec i e fo he financial ea ending Decembe 31, 2016 and he acco n ing polic fo a ailable-fo - ale financial a e , hich i ne l applied o a ne an ac ion in 2016.

The Condensed Consolidated Interim Financial Information of the Group prepared in accordance with the IFRS is set out as follows:

8.2.1 [illegible]

	[illegible]	
	2016	2015
	RMB'000	*RMB'000*
	[illegible]	(Audited)
Revenue	[illegible]	160,743
Cost of revenue	[illegible]	(95,505)
[illegible]	[illegible]	65,238
Other income	[illegible]	93
Other losses	[illegible]	(113)
Selling expenses	[illegible]	(516)
Administrative expenses	[illegible]	(26,589)
[illegible]	[illegible]	38,113
Finance income/(expenses) – net	[illegible]	(1,027)
Share of losses of investments accounted for using the equity method	[illegible]	–
[illegible]	[illegible]	37,086
Income tax expense	[illegible]	(9,732)
[illegible]	[illegible]	27,354
Other comprehensive income	[illegible]	–
[illegible]	[illegible]	27,354
Attributable to:		
– Equity holders of the Company	[illegible]	29,130
– Non-controlling interests	[illegible]	(1,776)
Basic and diluted earnings per share *(in RMB)*	[illegible]	0.57

8.2.2 B

	B'000	December 31, 2015 RMB'000 (Audited)
P ope , plan and eq ipmen	[illegible]	233,200
Land e igh	[illegible]	20,738
In angible a e	[illegible]	90,581
In e men in a ocia e	[illegible]	8,422
Defe ed income a a e	[illegible]	10,071
A ailable-fo - ale financial a e	[illegible]	B
Depo i and p epa men	[illegible]	48,324
	[illegible]	411,336
In en o ie	[illegible]	7,506
T ade ecei able	[illegible]	123,067
O he ecei able , depo i and p epa men	[illegible]	42,690
Amo n d e f om ela ed pa ie	[illegible]	20,044
Te m depo i	[illegible]	251,334
Ca h and ca h eq i alen	[illegible]	368,457
	[illegible]	813,098
	[illegible]	1,224,434
Eq i a ib able o o ne of he Compan		
Sha e capi al	[illegible]	73,040
Capi al e e e	[illegible]	797,510
S pl e e e	[illegible]	11,342
Re ained p ofi	[illegible]	77,824
	[illegible]	959,716
Non-con olling in e e	[illegible]	2,513
	[illegible]	962,229

	B'000	Decembe 31, 2015 *RMB'000* (A di ed)
Bank bo o ing	[illegible]	B
Defe ed go e nmen g an	[illegible]	14,284
Long- e m pa able	[illegible]	98,821
[illegible]	[illegible]	113,105
Bank bo o ing	[illegible]	50,000
T ade pa able	[illegible]	19,976
Acc al and o he pa able	[illegible]	63,209
Di idend pa able	[illegible]	B
G en income a liabili ie	[illegible]	11,559
G en po ion of long- e m pa able	[illegible]	4,356
[illegible]	[illegible]	149,100
[illegible]	[illegible]	262,205
[illegible]	[illegible]	1,224,434

8.2.3

	Notes	B'000	B'000	B'000	B'000	B'000	B'000	B'000
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]					[illegible]	[illegible]	[illegible]	[illegible]
Acq i i ion of a b idia							[illegible]	[illegible]
Capi al con ib ion b non-con olling in e e							[illegible]	[illegible]
Emplo ee ha e op ion cheme:								
Val e of emplo ee e ice	16		[illegible]			[illegible]		[illegible]
Di idend ela ing o 2015	25				[illegible]	[illegible]		[illegible]
[illegible]			[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

		A di ed						
		A ib able o o ne of he Compan						
	Note	Sha e Capi al *RMB'000*	Capi al e e e *RMB'000*	S pl e e e *RMB'000*	Re ained Ea ning *RMB'000*	To al *RMB'000*	Non-con olling in e e *RMB'000*	To al Eq i *RMB'000*
[illegible]		50,000	159,153	5,708	46,229	261,090	B	261,090
[illegible]		B	B	B	29,130	29,130	(1,776)	27,354
To al an ac ion i h o ne , ecogni ed di ec l in eq i								
Capi al con ib ion b ha eholde	15	2,800	75,600	B	B	78,400	B	78,400
Emplo ee ha e op ion cheme:								
BVal e of emplo ee e ice	16	B	1,031	B	B	1,031	B	1,031
Di idend ela ing o 2014	25	B	B	B	(18,480)	(18,480)	B	(18,480)
Capi al con ib ion b non-con olling in e e		B	B	B	B	B	2,400	2,400
[illegible]		2,800	76,631	B	(18,480)	60,951	2,400	63,351
[illegible]		52,800	235,784	5,708	56,879	351,171	624	351,795

8.2.4

		2015
	B'000	*RMB'000*
		(A di ed)
Ca h gene a ed f om ope a ion		2,670
Income a paid		(16,688)
		(14,018)
P cha e of p ope , plan and eq ipmen		(49,279)
P cha e of in angible a e		(10)
P oceed f om an fe of con c ion in p og e		B
P cha e of a ailable-fo - ale a e		B
P epa men of a in e men		B
Amo n d e b hi d pa ie		(12,000)
In e e ecei ed		307
		(60,982)
P oceed of bo o ing		B
Repa men of bo o ing		B
P epa men fo H ha e IPO co		(5,247)
P epa men fo A ha e IPO co		B
P oceed f om capi al con ib ion b ha eholde		78,400
Depo i ecei ed f om a non-con olling in e e		2,000
Sha e capi al ecei ed f om a non-con olling in e e		2,400

		2015
	B'000	RMB'000
		(A di ed)
	[illegible]	77,553
	[illegible]	2,553
Ca h and ca h eq i alen a beginning of he pe iod	[illegible]	37,271
E change gain on ca h and ca h eq i alen	[illegible]	B
Ca h and ca h eq i alen a end of he pe iod	[illegible]	39,824

8.3.1

		Decembe 31, 2015
	B'000	RMB'000
		(A di ed)
T ade ecei able	[illegible]	130,738
Le : p o i ion fo impai men of ade ecei able	[illegible]	(7,671)
T ade ecei able Bne	[illegible]	123,067

The ca ing amo n of he G o p' ade ecei able a e denomina ed in RMB and app o ima e o hei fai al e .

A of J ne 30, 2016 and Decembe 31, 2015, he ageing anal i of he ade ecei able a a follo :

	[illegible] RMB'000 [illegible]	Decembe 31, 2015 *RMB'000* (A di ed)
Aging anal i ba ed on he billing da e:		
Bill no p e en ed	[illegible]	9,580
1–3 mon h	[illegible]	74,718
4–6 mon h	[illegible]	19,635
7–12 mon h	[illegible]	19,937
1–2 ea	[illegible]	5,075
2–3 ea	[illegible]	1,426
o e 3 ea	[illegible]	367
	[illegible]	130,738

Acco ding o he G o p' e m of b ine , all bill a e pa able pon p e en a ion.

8.3.2 [illegible]

	[illegible] RMB'000 [illegible]	Decembe 31, 2015 *RMB'000* (A di ed)
O he ecei able (a)	[illegible]	14,337
Depo i (b)	[illegible]	17,268
Amo n d e b hi d pa ie (c)	[illegible]	12,304
P epa men fo en al	[illegible]	30,007
Depo i fo in e men in a b idia (d)	[illegible]	–
P epa men fo p cha e of p ope	[illegible]	13,000
P epa men fo con c ion in p og e	[illegible]	2,594
P epa men fo good and e ice	[illegible]	2,539
O he	[illegible]	43
Le : p o i ion fo impai men of o he ecei able	[illegible]	(1,078)
To al	[illegible]	91,014

		December 31, 2015
	B'000	RMB'000
		(A di ed)
G en		42,690
Non-G en		48,324
To al		91,014

The ca ing amo n of he G o p' o he ecei able , depo i and p epa men a e denomina ed in RMB and app o ima e o hei fai al e .

(a) Incl ded in o he ecei able a of J ne 30, 2016 a an ad ance pa men amo n ing o RMB3,321,000 (a of Decembe 31, 2015: RMB9,210,000) o Yanjiao F en Ho pi al. S ch ad ance ill be epaid o he G o p b Yanjiao F en Ho pi al hen and a i ca h flo allo a ag eed b bo h pa ie .

(b) Incl ded in depo i a of J ne 30, 2016 and Decembe 31, 2015 a a depo i of RMB12,688,000 o he con ac o of he ne ho pi al con c ion o k a he g a an ee fo f lfillmen of obliga ion of he G o p nde he con c ion con ac . The depo i ill be epaid o he G o p af e he con c ion i comple ed and all G o p' obliga ion ha been di cha ged.

(c) The Compan en e ed in o an ag eemen i h Sich an Hongji Pha mace ical Compan Limi ed ( ), an independen hi d pa in Ma ch 2015 and planned o de elop ce ain b ine i h Sich an Hongji. The Compan placed a depo i of RMB12,000,000 o Sich an Hongji a fi e capi al con ib ion. S b eq en l , he ag eemen a cancelled and a pplemen al ag eemen a en e ed in o b Sich an Hongji, Chengd Jihong Ho pi al Compan Limi ed (, a holl o ned b idia of Sich an Hongji) and he Compan on J ne 29, 2015. P an o he pplemen al ag eemen , he h ee pa ie ag eed o abandon he b ine plan and he depo i ho ld be epaid b Chengd Jihong o he G o p i hin 12 mon h commencing f om J ne 29, 2015, bea ing an in e e a e of 5% pe ann m. The amo n i g a an eed b he ha eholde of Sich an Hongji.

On July 28, 2015, Chengdu Jihong changed its name to Chengdu Ren[illegible]i Hospital Company Limited.

(d) In June 2016, the Company entered into an agreement with the Vendors and Wenzhou Medical University. Pursuant to the agreement, the Company has agreed to acquire 51% of the equity interest in Guoda Investment from the Vendors and creditors' rights from Wenzhou Medical University. Following completion of the public bidding process which is mandatory for the transfer of state-owned asset transfers, the Company has successfully bid for the equity interest and creditors' rights at an aggregate consideration of RMB38,096,000, representing RMB17,492,000 for the equity interest and RMB20,604,000 for the creditors' rights. As of June 30, 2016, the transfer of the ownership was still subject to the approval by or registration with the relevant government authorities in the PRC. The acquisition was subsequently completed in August 2016.

8.3.3 [illegible]

	[illegible] RMB'000 [illegible]	2015 RMB'000 (Audited)
Treatment and general healthcare services	[illegible]	111,945
Pharmaceutical sales	[illegible]	42,227
Ancillary hospital services	[illegible]	997
Management service fee	[illegible]	5,574
	[illegible]	160,743

All revenue is generated in the PRC where all assets of the Group are located. The Group has a highly diversified patient portfolio, aside from Pingxiang Changgeng Hospital Co., Limited, from which the Group earns management service fee of RMB6,254,000 and RMB5,574,000 respectively in the six months ended June 30, 2016 and 2015, no single patient or client contributed 1% or more of the Group's revenue during the period.

8.3.4 [illegible]

The income tax expense of the Group for the six months ended June 30, 2016 and 2015 is analyzed as follows:

	[illegible] RMB'000 [illegible]	2015 RMB'000 (Audited)
Current income tax:		
– PRC corporate income tax	[illegible]	10,344
Deferred income tax	[illegible]	(612)
	[illegible]	9,732

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of the PRC, the principal place of the Group's operations, as follows:

	[illegible] RMB'000 [illegible]	2015 RMB'000 (Audited)
Profit before income tax	[illegible]	37,086
Calculated at the tax rate of 25%	[illegible]	9,272
Expenses not tax deductible	[illegible]	460
Income not subject to tax	[illegible]	–
Over-provision in prior years	[illegible]	–
Tax losses for which no deferred income tax asset was recognized	[illegible]	–
	[illegible]	9,732

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits, based on the existing legislation, interpretation and practices in respect thereof, unless preferential tax rates [illegible] applicable.

8.3.5

(a) *Basic earnings per share*

The calc la ion of ba ic ea ning pe ha e i ba ed on p ofi a ib able o o dina eq i ha eholde of he Compan of RMB28,207,000 and RMB29,130,000 fo he i mon h ended J ne 30, 2016 and 2015 e pec i el and he eigh ed a e age n mbe of o dina ha e in i e a a he end of each epo ing pe iod, i calc la ed a follo :

	[illegible]	*2015* No. of ha e (A di ed)
O dina ha e i ed a beginning of he pe iod	[illegible]	50,000,000
Effec of i ance of ha e	[illegible]	1,423,000
Weigh ed a e age n mbe of o dina ha e a he end of pe iod	[illegible]	51,423,000

The calc la ion of ea ning pe ha e fo he i mon h ended J ne 30, 2016 i ba ed on 73,040,000 (fo he i mon h ended J ne 30, 2015: 51,423,000) o dina ha e .

(b) *Diluted earnings per share*

The Compan did no ha e an po en ial dil i e ha e h o gh he pe iod. Acco dingl , dil ed ea ning pe ha e a e he ame a he ba ic ea ning pe ha e.

8.3.6

(a) Capital commitments

	[illegible]	December 31, 2015 RMB'000 (Audited)
Contracted but not provided for		
– construction building	[illegible]	36,635
– leasehold improvement	[illegible]	60,529
– property, plant and equipment	[illegible]	10,935
	[illegible]	108,099

(b) Operating lease commitments

The Group leases certain office buildings and hospitals under non-cancellable operating lease agreements. The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	[illegible]	December 31, 2015 RMB'000 (Audited)
No later than 1 year	[illegible]	28,593
Later than 1 year and no later than 5 years	[illegible]	74,546
Later than 5 years	[illegible]	105,831
	[illegible]	208,970

8.3.7

On Ma ch 24, 2016, he Boa d decla ed a final di idend of RMB18,260,000 fo he ea ended Decembe 31, 2015 hich i calc la ed ba ed on 73,040,000 i ed ha e a a Decembe 31, 2015. The p opo ed di idend a app o ed b he ha eholde a i ann al gene al mee ing on J ne 14, 2016. The di idend i eflec ed a a di idend pa able in he conden ed con olida ed in e im financial info ma ion fo he i mon h ended J ne 30, 2016.

On Ma 11, 2015, he Boa d decla ed a final di idend of RMB18,480,000 fo he ea ended Decembe 31, 2014. The p opo ed di idend a app o ed b he ha eholde ' mee ing on J ne 1, 2015 and he Compan paid o he di idend on J l 23, 2015.

B o de of he Boa d

Chairman

Zhejiang, he PRC
A g 29, 2016

As of the date of this announcement, the Company's executive directors are Mr. GUAN Weili, Ms. WANG Lianyue and Ms. WANG Hongyue; the non-executive directors are Mr. YANG Yang and Ms. HE Xin; and the independent non-executive directors are Mr. CHONG Yat Keung, Mr. HUANG Zhi and Mr. GOT Chong Key Clevin.