

Wenzhou Kang...
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院股份有限公司

Wenzhou Kang

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

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
Operating expenses	39,404	52,661
Operating income	(10,503)	(7,120)
Interest income	28,901	45,541
Interest expense	36,410	52,064
Net income	(7,509)	(6,523)
	As at June 30, 2020 (RMB'000) (Unaudited)	As at June 30, 2019 (RMB'000) (Unaudited)
Total assets	2,274,908	2,117,352
Total liabilities	960,485	855,843
Total equity	1,314,423	1,261,509
Capital and reserves	1,186,459	1,164,484
Reserves	127,964	97,025

The following table sets forth certain financial information for the Company's hospitals for the periods indicated:

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

378.8 million RMB, or 25.1% of total revenue, compared with 342.0 million RMB, or 19.9% of total revenue, for the same period in 2019. The increase was primarily due to the increase in the number of inpatient days; the increase in the number of inpatient days was 4.2% compared with 2019. The average length of stay was 86.3% (compared with 84.1% in 2019).

60.1 million RMB, or 4.7% of total revenue, compared with 52.0 million RMB, or 3.0% of total revenue, for the same period in 2019. The increase was primarily due to the increase in the number of inpatient days; the increase in the number of inpatient days was 18.7% compared with 2019. The average length of stay was 13.7% (compared with 15.9% in 2019).

28.1% of total revenue, or 77.0% of total revenue, compared with 2019, or 73.2% of total revenue, for the same period in 2019. The increase was primarily due to the increase in the number of inpatient days; the increase in the number of inpatient days was 4.7% compared with 2019. The average length of stay was 23.0% (compared with 26.8% in 2019). The increase in the number of inpatient days was 14.2% (compared with 16.8% in 2019). The average length of stay was 78.8% (compared with 79.7% in 2019).

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	For the six months ended June 30,	
	2020	2019
	(RMB'000)	('000)
	(Unaudited)	(Unaudited)
Revenue	112,156	101,813
Cost of revenue of owned hospitals	110,048	91,091
Cost of revenue of leased hospitals	15,297	14,119
Cost of revenue of other hospitals	37,019	30,236
Cost of revenue of other hospitals	18,390	16,577
Total	11,647	7,807
	18,906	18,290
Cost of revenue of owned hospitals	323,463	279,933

323.5 15.6% 2019, () 28.1% 2019; () ()

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

4.1.5 Administrative Expenses

4.1.7 Finance Expenses – Net

Finance expenses represent the net amount of interest and other charges on loans and borrowings, less interest income on cash and investments, and other income from financial assets. Finance expenses are recognized in the profit and loss account.

1.0% (2019: 0.9%) of the total revenue. The amount of credit impairment losses for the period ended 31, 2020 is 1.0% (2019: 0.9%) of the total revenue.

4.1.9 Credit Impairment Losses

The amount of credit impairment losses for the period ended 31, 2020 is 16.1 million (2019: 10.7 million), which is 3.5% (2019: 2.8%) of the total revenue. As at 31, 2020, the amount of credit impairment losses is 30.3 million (2019: 21.4 million), which is 8.6% (2019: 7.1%) of the total revenue.

4.1.10 Non-Operating Income (Expenses) and Other Gains

The amount of non-operating income (expenses) and other gains for the period ended 31, 2020 is 1.1 million (2019: 0.9 million), which is 0.3% (2019: 0.2%) of the total revenue.

4.1.11 Income Tax Expense

The effective tax rate for the period ended 30, 2019, was 7.1% (2018: 10.5%), which is lower than the statutory rate of 47.5% (2019: 47.5%) due to the following:

Item	2019	2018
Non-deductible expenses	26.7%	13.5%
Other		
Total		

The effective tax rate for the period ended 30, 2019, is lower than the statutory rate of 47.5% (2019: 47.5%) due to the following:

4.2 Financial Position

4.2.1 Inventory

As at 30, 2020, the carrying amount of inventory was 33.9 million (2019: 23.6 million), which is lower than the carrying amount of 31.3 million (2019: 21.0 million) due to the following:

Item	2020	2019
Raw materials	2.6	2.6
Work in progress	2701	2806
Finished goods	2806	2807
Total	2808	2808

The carrying amount of inventory is lower than the carrying amount of 31.3 million (2019: 21.0 million) due to the following:

Item	2020	2019
Raw materials	2701	2806
Work in progress	2806	2807
Finished goods	2808	2808

As at 30, 2020, the carrying amount of inventory was 33.9 million (2019: 23.6 million), which is lower than the carrying amount of 31.3 million (2019: 21.0 million) due to the following:

Item	2020	2019
Raw materials	75%	
Work in progress	19.3	
Finished goods	325.73	

The carrying amount of inventory is lower than the carrying amount of 31.3 million (2019: 21.0 million) due to the following:

Item	2020	2019
Raw materials	75%	
Work in progress	19.3	
Finished goods	325.73	

4.2.2 Accounts Receivables

As of 30, 2020, Accounts Receivables were 352.6 million (compared to 31, 2019: 310.5 million), representing an increase of 14.5% (31, 2019, 322.5 million). The average collection period was 133 days (compared to 30, 2019: 146 days).

4.2.3 Other Receivables and Prepayments

As of 30, 2020, Other Receivables and Prepayments were 88.4 million (compared to 31, 2019: 68.7 million).

4.2.4 Investment Properties

As of 30, 2020, Investment Properties were 107.1 million (compared to 31, 2019: 110.9 million), representing a decrease of 3.4% (30, 2019, 114.5 million). The decrease was primarily due to the sale of investment properties (302, 303 and 304) for a net gain of 2/11 million. The average collection period was 133 days (compared to 30, 2019: 146 days).

As of 30, 2020, Investment Properties were 107.1 million (compared to 31, 2019: 110.9 million), representing a decrease of 3.4% (30, 2019, 114.5 million). The decrease was primarily due to the sale of investment properties (302, 303 and 304) for a net gain of 2/11 million. The average collection period was 133 days (compared to 30, 2019: 146 days).

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4.2.8 Contract Liability

As at June 30, 2020, contract liability was RMB10.8 million (US\$1.6 million), compared with RMB8.6 million (US\$1.3 million) as at June 30, 2019.

4.2.9 Other Payables

As at June 30, 2020, other payables were RMB93.5 million (US\$13.5 million), compared with RMB133.3 million (US\$19.5 million) as at June 30, 2019.

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) (Audited)
Cash generated from operating activities	17,799	4,157
Cash used in investing activities	(76,436)	(75,880)
Cash generated from/(used in) financing activities	94,945	(25,941)
Net change in cash and cash equivalents	36,424	(98,423)

4.3.1 Net Cash Generated from Operating Activities

Net cash generated from operating activities for the six months ended June 30, 2020 was RMB17.8 million (US\$2.6 million), compared with RMB16.1 million (US\$2.3 million) for the six months ended June 30, 2019. The increase in net cash generated from operating activities was primarily due to the increase in net income of RMB28.9 million (US\$4.2 million) for the six months ended June 30, 2020 compared with RMB60.0 million (US\$8.6 million) for the six months ended June 30, 2019, offset by the increase in net change in non-current assets and liabilities of RMB90.9 million (US\$13.1 million) for the six months ended June 30, 2020 compared with RMB14.5 million (US\$2.1 million) for the six months ended June 30, 2019.

4.3.2 Net Cash Used in Investing Activities

Net cash used in investing activities for the six months ended June 30, 2020 was RMB76.4 million (US\$11.0 million), compared with RMB67.1 million (US\$9.6 million) for the six months ended June 30, 2019. The increase in net cash used in investing activities was primarily due to the increase in net cash used in investing activities of RMB76.4 million (US\$11.0 million) for the six months ended June 30, 2020 compared with RMB67.1 million (US\$9.6 million) for the six months ended June 30, 2019, which was primarily due to the increase in net cash used in investing activities of RMB76.4 million (US\$11.0 million) for the six months ended June 30, 2020 compared with RMB67.1 million (US\$9.6 million) for the six months ended June 30, 2019, which was primarily due to the increase in net cash used in investing activities of RMB76.4 million (US\$11.0 million) for the six months ended June 30, 2020 compared with RMB67.1 million (US\$9.6 million) for the six months ended June 30, 2019.

4.3.3 Net Cash Generated from Financing Activities

Net cash generated from financing activities was 94.9 million yen for the period ended March 31, 2020, compared with 163.5 million yen for the period ended March 31, 2019. The increase was primarily due to the increase in cash received from the issuance of new shares of 39.1 million yen.

4.3.4 Significant Investment, Acquisition and Disposal

There were no significant investments, acquisitions or disposals for the period ended March 31, 2020.

4.4 Indebtedness

4.4.1 Bank Borrowings

As of March 31, 2020, the Company had bank borrowings of 473.5 million yen (as of March 31, 2019: 310.0 million yen), consisting of short-term borrowings of 364.5 million yen and long-term borrowings of 201.0 million yen.

4.4.2 Contingent Liability

As of March 31, 2020, the Company had no contingent liability.

4.4.3 Asset Pledge

The Company has pledged assets such as land, buildings, equipment, and receivables to secure bank borrowings, and the amount of assets pledged as of March 31, 2020, was 1,000.0 million yen.

4.4.4 Lease Liabilities

As of March 31, 2020, the Company had lease liabilities of 186.0 million yen, consisting of short-term lease liabilities of 24.2 million yen and long-term lease liabilities of 161.8 million yen.

4.4.5 Financial Instruments

The Company has no financial instruments other than bank borrowings, lease liabilities, and other liabilities.

4.4.6 Exposure to Fluctuation in Exchange Rates

The Group's operations are primarily conducted in the United Kingdom, and the Group's assets and liabilities are denominated in British pounds sterling. The Group's financial statements are presented in British pounds sterling. The Group's exposure to fluctuations in exchange rates is primarily due to its operations in the United Kingdom.

At 30, 2020, the Group's net assets and liabilities were denominated in British pounds sterling. The Group's exposure to fluctuations in exchange rates is primarily due to its operations in the United Kingdom.

4.4.7 Gearing Ratio

At 30, 2020, the Group's gearing ratio (debt to capital employed) was 42.2% (31, 2019: 40.4%).

4.4.8 Employees and Remuneration Policy

At 30, 2020, the Group had 3,136 employees (31, 2019: 2,845). The Group's remuneration policy is based on the following principles: (i) to attract and retain the highest quality personnel; (ii) to ensure that the Group's remuneration policy is consistent with its long-term strategy; (iii) to ensure that the Group's remuneration policy is fair and equitable; (iv) to ensure that the Group's remuneration policy is transparent and accountable; (v) to ensure that the Group's remuneration policy is compliant with applicable laws and regulations. The Group's remuneration policy is set out in the Remuneration Policy Statement, which is available on the Group's website.

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At 30, 2020, the Group's remuneration policy is based on the following principles: (i) to attract and retain the highest quality personnel; (ii) to ensure that the Group's remuneration policy is consistent with its long-term strategy; (iii) to ensure that the Group's remuneration policy is fair and equitable; (iv) to ensure that the Group's remuneration policy is transparent and accountable; (v) to ensure that the Group's remuneration policy is compliant with applicable laws and regulations. The Group's remuneration policy is set out in the Remuneration Policy Statement, which is available on the Group's website.

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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%
	<u>23</u>	<u>180,516</u>	<u>0.2391%</u>

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5 PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

The Company's repurchase program for common stock was authorized by the Board of Directors on August 13, 2013. The program authorized the repurchase of up to 899,700 shares of common stock. The program is subject to the following terms: (a) the program shall terminate on August 13, 2020; and (b) the program shall be subject to the following terms: \$15,888,990.

Repurchase Period	Total number of H Shares repurchased	Price Paid Per share		Total consideration (\$)
		Highest (\$)	Lowest (\$)	
2020	35,000	17.90	17.80	624,200
Aug 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

The program was terminated on August 13, 2020.

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6 EVENTS AFTER THE REPORTING PERIOD

On August 30, 2020, the Company announced that it had entered into a forward purchase agreement with a certain investor to purchase 1,000,000 shares of common stock at a price of \$15.00 per share.

11.2 Interim Financial Statement

The accompanying notes are an integral part of this financial statement. All amounts are in US dollars unless otherwise indicated.

11.2.1 Interim Consolidated Income Statement

(All amounts are in US dollars unless otherwise indicated)

	For the six months ended	
	2020	2019
	(Unaudited)	(Unaudited)
1. Revenue	465,150,452	378,910,291
Cost of sales	(336,864,754)	(286,882,183)
Transportation	(1,999,246)	(831,972)
Fuel	(3,697,157)	(4,476,806)
Maintenance and repair	(54,639,015)	(52,890,346)
Depreciation and amortization	(2,637,407)	(2,304,024)
Insurance	(11,846,196)	(10,198,874)
Other	(14,086,629)	(11,068,131)
	2,454,371	1,925,426
Operating income	5,443,616	6,567,461
Other income (expense)	(923,557)	23,549,073
Income before income taxes	(1,019,927)	(2,525,317)
Income tax expense	(16,112,650)	(10,730,916)
Income from operations	-	(18,587)

11.2.2 Interim Consolidated Statement of Financial Position

(All amounts are in thousands of U.S. dollars)

ASSETS	June 30, 2020 (Unaudited)	June 30, 2019 (Audited)
Current assets		
Accounts receivable	176,858	176,030,550
Prepaid expenses and other	-	30,000,000
Accounts payable	352,645,140	310,520,612
Accrued expenses	76,843,282	63,317,366
Accounts receivable from related parties	11,516,259	5,366,020
Other receivables	858,107	23,568,236
Prepaid income taxes	-	12,688,704
Total current assets	691,278,466	621,491,488
Non-current assets		
Property, plant and equipment	51,281,869	51,281,869
Intangible assets	5,366,020	5,366,020
Other non-current assets	8,266	8,193
Total non-current assets	56,656,155	56,656,082
Total assets	747,934,621	678,147,570

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

(All amounts are in thousands of U.S. dollars)

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

(All amounts are in thousands 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	
Share repurchases	-	-	-	-	-	21,771,500	21,771,500	
Share-based compensation	-	3,914,851	(1,590,000)	-	-	-	2,324,851	
Dividends	-	(2,253,553)	-	-	-	(1,709,223)	(3,962,776)	
Share-based payment	-	-	(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

(Amounts in thousands of RMB)

	June 30, 2020 (Unaudited)	June 30, 2019 (Audited)
Accounts receivable	6,750,000	8,250,000
Accounts receivable - related parties	<u>384,779,056</u>	<u>330,174,215</u>
Less: allowance for doubtful accounts	391,529,056	338,424,215
Less: allowance for credit losses	<u>(38,883,916)</u>	<u>(27,903,603)</u>
	<u><u>352,645,140</u></u>	<u><u>310,520,612</u></u>

The carrying amount of accounts receivable as of June 30, 2020 and June 30, 2019 is as follows:

	June 30, 2020 (Unaudited)	June 30, 2019 (Audited)
1 year or less	307,256,118	266,932,953
1 to 2 years	54,328,309	57,988,407
2 to 3 years	24,130,088	13,089,001
3 years or more	<u>5,814,541</u>	<u>413,854</u>
	<u><u>391,529,056</u></u>	<u><u>338,424,215</u></u>

Accounts receivable are classified into three categories, as follows:

11.3.2 Accounts Payable

(All amounts are in thousands of U.S. dollars)

The following table summarizes accounts payable as of June 30, 2020 and June 30, 2019, respectively:

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

11.3.3 Revenue and Cost of Sales

(All amounts are in thousands of U.S. dollars)

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

Revenue and cost of sales from main operations

(All amounts are in thousands of US dollars)

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

11.3.4 Earnings Per Share

(A) *Income tax expense*

(C) *Income tax expense*

	For the six months ended	
	June 30, 2020 (Unaudited)	2019 (Audited)
Net income available to common shareholders	36,409,947	52,064,124
Income tax expense	72,769,749	73,040,000
Net income available to common shareholders	0.50	0.71

(C) *Income tax expense* for the six months ended June 30, 2018, was \$2,460,000. *Income tax expense* for the six months ended June 30, 2019, was \$7,246,000. *Income tax expense* for the six months ended June 30, 2020, was \$72,769,749.

Income tax expense for the six months ended June 30, 2020, was \$899,700. *Income tax expense* for the six months ended June 30, 2019, was \$73,040,000.

(C) *Income tax expense*

Income tax expense for the six months ended June 30, 2018, was \$2,460,000. *Income tax expense* for the six months ended June 30, 2019, was \$7,246,000. *Income tax expense* for the six months ended June 30, 2020, was \$72,769,749. *Income tax expense* for the six months ended June 30, 2019, was \$73,040,000. *Income tax expense* for the six months ended June 30, 2019, was \$52,064,124. *Income tax expense* for the six months ended June 30, 2019, was \$73,915,743. *Income tax expense* for the six months ended June 30, 2019, was \$0.70.

11.3.5 Income Tax Expense

(Amounts in thousands of U.S. dollars)

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

The components of income tax expense are as follows:

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

11.3.6 Dividends

Wenzhou Kangning Hospital Co., Ltd. (永嘉康寧醫院有限公司),
12, 2012,
%-

Wenzhou Kangning Hospital Co., Ltd.
GUAN Weili

At 28, 2020

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