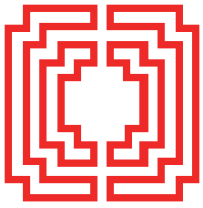
H K E C L T S E H K L



温州康寧醫院股份有限公司

ital Co., Ltd.

(A joint stock limited liabilit

3 BUSINESS REVIEW AND OUTLOOK

3.1 Business Review

I 2018, C ’ , G
-
. S :

I 2018, G ’ . F ,
H C H , H Y H , L C H
T K H , . T
, L K H , G H ,
Q Y H , P K H S Y H ,
2016, . E S
Y H , 2018. A
W K H ,
- ,
G ’ - . T Q
K H Y K H
. H , Y K H
C K H
, C K H
300 . A D 31, 2018,
G ’ 18 (D 31, 2017: 10)
5,140 (D 31, 2017: 3,420).

I 2018,
, G ,
C Y W B Y
H , P
C W . H , , G
- ,
Y P H C ,
W C H , Y F H ,
P H C ’ H . D G ’
, D 31, 2018, G
6 (D 31, 2017: 8),
1,160 (D 31, 2017: 1,130).

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review

T G RMB746.0 R P , 11.9% 2017. A RMB19.6 , RMB726.4 , 32.9% 2017, G ' 35.8% 2017. A 2018 G , , 33.2% (2017: 34.0%). A , G R P 33.2% (2017: 35.1%) RMB241.4 , 26.0% 2017. D R P , C RMB80.6 , 64.2% 2017, G H , Q Y H P K H R P . D R P , C - RMB80.5 , 36.4% 2017.

4.1.1 Revenue and Cost of Revenue

T G : ( ) ; ( ) ; ( ) ; ( ) .

T :

	For the year ended December 31,	
	2018	2017
	(RMB'000)	*(RMB'000)*
R	**706,651**	520,175
M	**19,748**	26,386
T	**726,399**	546,561
R	**2,533**	2,318
R	**17,040**	117,557
Total revenue	**745,972**	666,436

D R P , G RMB746.0
, 11.9% 2017,
RMB726.4 ,
32.9% 2017, G ,
35.8%. T
G , 97.3% (2017:
95.2%),
2.7% (2017: 4.8%).

R

R
G ,
. T
, :

	For the year ended December 31,	
	2018	2017
	(RMB'000)	*(RMB'000)*
Treatment and general healthcare services		
R	**539,548**	389,494
C	**331,883**	235,839
G	**207,665**	153,655
Pharmaceutical sales		
R	**167,103**	130,681
C	**140,330**	107,405
G	**26,773**	23,276
Owned hospitals		
R	**706,651**	520,175
C	**472,213**	343,244
G	**234,438**	176,931

D R P , G ,
RMB706.7 , RMB186.5
2017, L K
H , G H , P K H , Q Y H
S Y H .R
R P RMB204.4 (2017: RMB88.4).
D R P , G ,
32.5% 2017.

	For the year ended December 31,	
	2018	2017
Outpatients		
N	**188,488**	160,015
T		
(RMB'000)	**22,754**	17,831
A		
(RMB)	**121**	111
P		
(RMB'000)	**79,494**	65,785
A		
(RMB)	**422**	411
Total outpatient revenue (*RMB'000*)	**102,248**	83,616
Total average outpatient spending per visit (*RMB*)	**543**	522
Total treatment and general healthcare services revenue (*RMB'000*)	**539,548**	389,494
Total pharmaceutical sales revenue (*RMB'000*)	**167,103**	130,681

D R P , RMB604.4 , 38.4% 2017, : ( ) 37.6% G ' - L K H , G H , Q Y H , P K H S Y H , ( ) 0.8% - .T 85.5% (2017: 83.9%).

D R P , RMB102.2 ,

D R P ,
,
38.5% 2017, 76.4%
(2017: 74.9%);
27.9% 2017, 23.6%
(2017: 25.1%), :
14.5% (2017:
14.9%),
77.7% (2017: 78.7%).

C G ’
, ,
, , . T
G ’
:

	For the year ended December 31,	
	2018	2017
	(RMB’000)	*(RMB’000)*
P	**177,106**	131,949
E	**158,047**	116,085
L	**27,938**	20,358

F , 37.5% (2017: 38.4%), . T 33.5% (2017: 33.8%). T , 15.5% (2017: 14.5%). D R P , , , 2017.

M

T G ' . T , :

	For the year ended December 31,	
	2018	2017
	(RMB'000)	*(RMB'000)*
R	**19,748**	26,386
C	**12,816**	11,690
G	**6,932**	14,696

D R P , G RMB19.7 , 25.2% 2017, 2.7% 2018 (2017: 4.8%). T G ' , , , P C W , P H , C H Y F H R P .

T G ’ . D R P , G RMB12.8 , 9.6% 2017. A , 35.1% (2017: 55.7%).

R

T G ’ . D R P , RMB17.0 (2017: RMB117.6), RMB9.5 W G R P . T RMB19.7 , W G R P RMB2.7 .

4.1.2 Gross Profit and Gross Profit Margin

D R P , G RMB252.2 , 16.2% . T RMB241.4 , 26.0% 2017. T :

	For the year ended December 31,	
	2018	2017
T	**38.5%**	39.4%
P	**16.0%**	17.8%
M	**35.1%**	55.7%
Healthcare business	**33.2%**	35.1%
P	**55.5%**	21.3%
Consolidated gross profit margin	**33.8%**	32.6%

4.1.6 Research and Development Expenses

D R P , G ’
RMB5.7 (2017: RMB1.6),
2017. T
G ’ 0.8% (2017: 0.3%),
G ’
.

4.1.7 Finance Expenses – Net

O
, ’
, -
. T
:

	For the year ended December 31,	
	2018	2017
	(RMB’000)	*(RMB’000)*
I	**3,683**	4,960
E /( )	**4,074**	(14,930)
B	**(8,850)**	(8,371)
A	**(5,511)**	(5,465)
O	**(567)**	(457)
Finance expenses – net	**(7,171)**	(24,263)

D R P , G
RMB7.2 , RMB17.1
2017, RMB4.1
R P , RMB14.9
2017.

4.1.8 Investment Losses

O

T

:

	For the year ended December 31,	
	2018	2017
	(RMB'000)	*(RMB'000)*
S	**(10,029)**	(6,462)
G	**1,727**	350
	(8,302)	(6,112)

D R P , RMB8.3 ,
RMB2.2
2017, G '
C Y H H K H

4.1.12 Total Comprehensive Income

T -
S C
:

	For the year ended December 31,	
	2018	2017
	(RMB'000)	*(RMB'000)*
E /( )	**4,074**	(14,930)
W - -	**—**	(7,215)
R	**(2,755)**	11,969
Total impact of non-recurring items (before income tax)	**1,319**	(10,176)
Total impact of non-recurring items (after income tax)	**60**	(9,887)

E - ,
S C R
P RMB80.5 , 36.4%
2017 (-),

4.2 Financial Position

4.2.1 Inventory

A D 31, 2018, RMB20.8 (D 31, 2017: RMB23.5), : ( ) RMB18.2 (D 31, 2017: RMB14.1); ( ) RMB2.6 (D 31, 2017: RMB9.4), P II W B C W H E M C W G . T

R P :

C	P II W B C W H E M C
A	S W H E M C , C S , W C , P , PRC
L	G Y (2012) N .3-289403
I G	75%
L (A .) (S . .)	6,602.26
T (A .) (S . .)	30,557.34
U	C ,
S	C
C	J 30, 2017

4.2.2 Accounts Receivables

A D 31, 2018, RMB299.8 (D 31, 2017: RMB232.2), , RMB297.4 , 35.1% D 31, 2017. W , R P 2017.

D R P , G ' 130 (2017: 121).

4.2.3 Other Receivables and Prepayments

A D 31, 2018, RMB74.7 (D 31, 2017: RMB54.6).

I	P II W B C W H E M C (2F 11F)
A	S W H E M C , C S , W C P , PRC
L	W G (2012) N . 3-289403
I G	75%
L (A .) (S . .)	6,602.26
T (A .) (S . .)	11,850.34
U	C ,
W	N - , J 29, 2043,

4.2.5 Other Non-current Financial Assets

A D 31, 2018, - RMB51.0 (D 31, 2017: - - RMB50.0), . D R P , - RMB1.0 .

4.2.6 Accounts Payable

A D 31, 2018, RMB73.6 (D 31, 2017: RMB83.8), W G .

4.2.7 Contract Liability

A D 31, 2018, RMB2.2 (D 31, 2017: RMB7.5).

4.2.8 Other Payables

A D 31, 2018, RMB129.8 (D 31, 2017: RMB99.8), C S G .

4.3 Liquidity and Capital Resources

T G :

	For the year ended December 31,	
	2018	2017
	(RMB'000)	*(RMB'000)*
N	**66,521**	81,499
N	**(155,481)**	(223,628)
N /( )	**37,374**	(21,900)
N	**(50,472)**	(169,625)

4.3.1 Net Cash Generated from Operating Activities

D R P , RMB66.5 , RMB75.0 RMB63.0 , - . C RMB105.4 . W RMB39.4 .

4.3.2 Net Cash Used in Investing Activities

D R P , RMB155.5 , RMB145.5 , , C K H H Y H T K H ; RMB25.2 .

4.3.3 Net Cash Generated from Financing Activities

D R P , RMB37.4 , RMB34.8 .

4.3.4 Significant Investment, Acquisition and Disposal

T G , R P .

4.4 Indebtedness

4.4.1 Bank Borrowings

A D 31, 2018, G
RMB225.0 (D 31, 2017: RMB200.0),
RMB160.0
RMB185.0 R P .

4.4.2 Contingent Liabilities

A D 31, 2018, G
G .

4.4.3 Asset Pledge

W G , S G ,
P II B C W H E M C ,
C B D 31, 2018,
RMB40.0 .

4.4.4 Contractual Obligations

T G
. A D 31, 2018,
- RMB275.0 .

4.4.5 Financial Instruments

F G ,
, , , ,
. T C ,
.

4.4.6 Exposure to Fluctuation in Exchange Rates

T G ,
HKD RMB. T G
.
A D 31, 2018, G
. T
C
,
.

Category of personnel	Number of persons granted (person)	Number of Shares granted (Share)	Number of grant

12.2 Consolidated Annual Financial Information

T C A F I G
C A S B E :

12.2.1 Consolidated Income Statement

(A RMB Y)

Item	Year Ended December 31, 2018	2017 (R)
1. Revenue	**745,971,888**	666,435,528
L : C	**(493,729,636)**	(449,331,902)
T	**(5,720,201)**	(9,780,313)
S	**(5,141,918)**	(1,752,173)
G	**(98,001,249)**	(90,180,597)

12.2.2 Annual Consolidated Balance Sheets

(A RMB Y)

ASSETS	December 31, 2018	D 31, 2017 (R)
Current assets		
C	**187,076,694**	279,334,159
A	**299,750,063**	232,179,323
O	**58,051,581**	43,447,939
A	**16,683,839**	11,132,676
I	**20,813,747**	23,532,469
C -	**12,688,704**	12,688,704
Total current assets	**595,064,628**	602,315,270
Non-current assets		
A - -	**— —**	50,000,000
O -	**50,974,323**	
L -	**100,321,983**	89,683,865
I	**128,568,963**	128,568,963
F	**444,322,834**	502,649,528
C	**131,187,406**	22,290,670
I	**185,257,977**	151,842,863
G	**19,296,005**	4,823,557
L -	**144,386,669**	96,335,653
D	**33,825,347**	22,571,944
O -	**7,517,900**	19,318,211
Total non-current assets	**1,245,659,407**	1,088,085,254
TOTAL ASSETS	**1,840,724,035**	1,690,400,524

LIABILITIES AND OWNERS' EQUITY	December 31, 2018	D 31, 2017 (R)
Current liabilities		
S -	**145,000,000**	90,000,000
A	**73,644,717**	83,787,338
A	**—**	7,511,284
C	**2,244,706**	
E	**28,270,410**	23,714,318
T	**41,119,676**	34,912,381
O	**129,807,988**	99,796,754

12.2.3 Annual Consolidated Statements of Cash Flow

(A RMB Y)

Item	Year Ended December 31, 2018	2017
1. Cash flows from operating activities		
C	**654,660,709**	502,692,532
C	**31,999,794**	35,442,492
Sub-total of cash inflows	**686,660,503**	538,135,024
C	**(241,731,386)**	(172,416,737)
C	**(218,086,294)**	(158,956,031)
P	**(39,374,238)**	(47,590,827)
C	**(120,948,057)**	(77,672,510)
Sub-total of cash outflows	**(620,139,975)**	(456,636,105)
Net cash flows generated from operating activities	**66,520,528**	81,498,919
2. Cash flows from investing activities		
C	**—**	5,675,000
C	**363,629,965**	310,446,972
Sub-total of cash inflows	**363,629,965**	316,121,972
C	**(145,499,984)**	(208,923,550)
C	**(25,190,000)**	(60,498,286)
A S ,	**(17,520,196)**	
C	**(330,900,393)**	(270,328,000)
Sub-total of cash outflows	**(519,110,573)**	(539,749,836)
Net cash flows used in investing activities	**(155,480,608)**	(223,627,864)

Item	Year Ended December 31, 2018	2017
3. Cash flows generated from financing activities		
C	**34,820,000**	27,020,000
I : C		
- S S	**12,910,000**	27,020,000
C	**190,440,000**	90,000,000
C	**—**	300,000
Sub-total of cash inflows	**225,260,000**	117,320,000
C	**(169,285,600)**	(107,650,190)
C	**(18,600,234)**	(27,084,188)
C	**—**	(4,485,351)
Sub-total of cash outflows	**(187,885,834)**	(139,219,729)
Net cash flows generated from/(used in) financing activities	**37,374,166**	(21,899,729)
4. Effect of changes in foreign exchange rate	**1,113,949**	(5,596,209)
5. Net decrease in cash and cash equivalents	**(50,471,965)**	(169,624,883)
A : C	**237,538,659**	407,163,542
6. Cash and cash equivalents at end of the year	**187,066,694**	237,538,659

12.3 Notes to the Consolidated Annual Financial Information prepared in accordance with the China Accounting Standard for Business Enterprises

12.3.1 Accounts receivable

	December 31, 2018 RMB	D 31, 2017 RMB
D	**6,749,917**	2,250,000
D	**318,519,503**	245,277,585
S	**325,269,420**	247,527,585
L : P	**(25,519,357)**	(15,348,262)
	299,750,063	232,179,323

A G , .

A :

	December 31, 2018 RMB	D 31, 2017 RMB
W 1	**261,000,854**	215,379,873
1 - 2	**51,396,190**	29,274,942
2 - 3	**12,862,881**	2,441,995
O 3	**9,495**	430,775
	325,269,420	247,527,585

12.3.2 *Accounts payable*

T :

	December 31, 2018 RMB	D 31, 2017 RMB
W 3	**43,099,493**	42,078,771
3- 6	**3,971,590**	7,390,442
6-12	**836,832**	20,516,232
1 - 2	**25,470,222**	13,579,346
2 - 3	**50,357**	68,731
O 3	**216,223**	153,816
	73,644,717	83,787,338

12.3.3 *Revenue and cost of sales*

	Year ended December 31, 2018 Revenue	Cost	Y R	D 31, 2017 C
M	**726,399,201**	**485,028,916**	546,561,325	354,933,687
O	**19,572,687**	**8,700,720**	119,874,203	94,398,215
	745,971,888	**493,729,636**	666,435,528	449,331,902

Revenue and cost of sale from main businesses

	Year ended December 31, 2018 Revenue	Cost	Y R	D 31, 2017 C
P	**167,103,194**	**140,329,511**	130,681,392	107,405,332
T	**539,548,284**	**331,883,344**	389,493,815	235,838,816
M	**19,747,723**	**12,816,061**	26,386,118	11,689,539
	726,399,201	**485,028,916**	546,561,325	354,933,687

Revenue and cost of sale from other businesses

	Year ended December 31, 2018		Y D	31, 2017
	Revenue	Cost	R	C
R	**9,471,045**	**7,260,685**	111,196,703	93,079,858
R	**7,568,944**	**—**	6,359,631	
O	**2,532,698**	**1,440,035**	2,317,869	1,318,357
	19,572,687	**8,700,720**	119,874,203	94,398,215

12.3.4 Earnings per Share

Basic earning per Share

	Year ended December 31,	
	2018	2017
	RMB	RMB
T S C ( )	**80,226,677**	49,070,774
W S C ( )	**73,040,000**	73,040,000
B S	**1.10**	0.67

( ) F S
J 13, 2018, C 2,460,000 S
E I S . C RMB369,000
S S
S C
S 2018. I , 2,460,000 S
S C .

Diluted earning per Share

D S
S C S
S .
T D 31, 2018,
S C RMB80,595,677
S ,
S 73,849,076. T S C RMB1.09.
T C ’ S
D 31, 2017. A , S
S .

12.3.5 ***Income tax expenses***

	Year ended December 31,	
	2018	2017
C	**39,910,885**	30,123,517
D	**(7,969,845)**	(8,096,600)
	31,941,040	22,026,917

T

:

	Year ended December 31,	
	2018	2017
P	**106,910,268**	69,862,675
I		
25%	**26,727,567**	17,465,669
E	**3,898,294**	3,741,704
A	**2,553,569**	579,395
	(850,617)	
I T1 7		

G H W Y G H C ., L . ([redacted]
[redacted] S
C ,
, ,
G C S

G Y G Y H C ., L . ([redacted]
H [redacted]), PRC
M 1, 2017, C ' -
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H S ( ) S ( )
C , RMB1.00

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L R E H K L , ,

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H C PRC
S 22, 2017
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H), PRC
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H , T L Y
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PRC D
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S

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H PRC J
22, 2018, C ' -
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P K P K H C ., L . (;
H PRC
N 2, 2015, C '
S

PRC C P ' R C , ,
, H K , M T

P F RMB0.15
D S ( ) D
31, 2018 S
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P H P H P S H (
Y

Q K Q K H C ., L . (
H) PRC
A 1, 2011, C ' S

Q Y Q Y H C ., L . (
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N 20, 2015, C ' -
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RMB PRC

S ( ) ( ) C ,
RMB1.00 , ( )
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) PRC
S 22, 2014, C '
- S

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T K T K H C ., L . ((
H) PRC
J 30, 2016, C ' -
S

R P F D 31, 2018

W N W N P S H C ., L . (
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PRC J 20, 2018,
C ' - S

W C W C H C ., L . ( )
H PRC
J 25, 2006

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H ; Y F H T
C W M)
C '
M 26,
2015 Y F H T
C W M C

Y K Y K H C ., L . (
H), PRC
S 3, 2013, C '
S

Y K Y K H C ., L . (Q
H), PRC
D 12, 2012, C '
S

%

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

, PRC
M 25, 2019

A , C ' D M . GUAN W , M . WANG L M . WANG H ; - D M . YANG Y M . LIN L ; - D M . CHONG Y K , M . HUANG