



醫院股份



**3 BUSINESS REVIEW AND OUTLOOK**

**3.1 Business Review**

2017<sup>W</sup> / 2017<sup>W</sup>





#### 4.1.1 Revenue and Cost of Revenue

For the year ended December 31, 2017, the Company's revenue was primarily derived from the sale of its products, which accounted for 60.4% of total revenue. Other revenue, including interest income, accounted for 39.3% of total revenue. For the year ended December 31, 2016, the Company's revenue was primarily derived from the sale of its products, which accounted for 32.9% of total revenue. Other revenue, including interest income, accounted for 67.1% of total revenue.

The following table summarizes the Company's revenue and cost of revenue for the years ended December 31, 2017 and 2016:

	For the year ended December 31,	
	2017 (RMB'000)	2016 (B'000)
Revenue from the sale of products	520,175	391,505
Other revenue	26,386	18,943
<b>Total revenue</b>	<b>546,561</b>	<b>410,448</b>
Cost of revenue from the sale of products	2,318	2,955
Other cost of revenue	117,557	2,006
<b>Total cost of revenue</b>	<b>119,875</b>	<b>4,961</b>
<b>Total revenue</b>	<b>666,436</b>	<b>415,409</b>

For the year ended December 31, 2017, the Company's revenue was primarily derived from the sale of its products, which accounted for 60.4% of total revenue. Other revenue, including interest income, accounted for 39.3% of total revenue. For the year ended December 31, 2016, the Company's revenue was primarily derived from the sale of its products, which accounted for 32.9% of total revenue. Other revenue, including interest income, accounted for 67.1% of total revenue. The Company's revenue is primarily derived from the sale of its products, which accounted for 60.4% of total revenue for the year ended December 31, 2017, compared to 32.9% for the year ended December 31, 2016. The increase in revenue from the sale of products is primarily due to the increase in the number of units sold and the increase in the average selling price per unit. The Company's other revenue, including interest income, accounted for 39.3% of total revenue for the year ended December 31, 2017, compared to 67.1% for the year ended December 31, 2016. The decrease in other revenue is primarily due to the decrease in interest income. The Company's cost of revenue is primarily derived from the cost of goods sold, which accounted for 119,875 RMB'000 for the year ended December 31, 2017, compared to 4,961 B'000 for the year ended December 31, 2016. The increase in cost of revenue is primarily due to the increase in the number of units sold and the increase in the average cost per unit. The Company's gross profit margin was 82.1% for the year ended December 31, 2017, compared to 95.2% for the year ended December 31, 2016. The decrease in gross profit margin is primarily due to the increase in the cost of goods sold.



	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Inpatients</b>		
Number of inpatient admissions	<b>3,420</b>	2,577
Number of inpatient bed-days	<b>1,248,300</b>	943,182
Occupancy rate (%)	<b>87.8%</b>	86.5%
Revenue from inpatient services	<b>1,095,389</b>	815,883
Cost of inpatient services (¥ B'000)	<b>371,663</b>	268,555
Adjusted inpatient revenue (¥ B)	<b>339</b>	329
Adjusted cost of inpatient services (¥ B'000)	<b>64,896</b>	48,262
Adjusted inpatient revenue (¥ B)	<b>59</b>	59
<b>Total inpatient revenue (RMB'000)</b>	<b>436,559</b>	316,817
<b>Total average inpatient spending per bed-day (RMB)</b>	<b>398</b>	388
<b>Outpatients</b>		
Number of outpatient visits	<b>160,015</b>	145,696
Revenue from outpatient services (¥ B'000)	<b>17,831</b>	17,044
Adjusted outpatient revenue (¥ B)		



☒ B343.2 31.5% 2016, ( )  
26.9% ; ( ) 33.3%  
☒ B19.2 A 2016,  
62.8%.

38.4% (2016: 39.8%).  
33.8%  
(2016: 33.3%).  
14.5% (2016: 11.7%).





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 : (.) 42.7% <sup>w</sup> 42.7%; (.)   
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<sup>w</sup> 16.8% (2016: 17.0%),   
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<sup>w</sup> ;   
 (.) 2017, <sup>w</sup>

**4.1.6 Finance (Expenses)/Income – Net**

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<sup>w</sup> <sup>w</sup>

**For the year ended**

#### 4.1.7 Investment Income/(Loss)

Investment income/(loss) is primarily derived from the following sources:

	<b>For the year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>(RMB'000)</b>	<b>(B'000)</b>
Interest income	(6,462)	(6,202)
Dividend income	350	4,541
	<b>(6,112)</b>	<b>(1,661)</b>

Interest income is primarily derived from bank deposits and term deposits. Dividend income is primarily derived from investments in equity securities. The impairment losses on equity securities are recorded in the consolidated statement of profit or loss. The impairment losses on equity securities are recorded in the consolidated statement of profit or loss. The impairment losses on equity securities are recorded in the consolidated statement of profit or loss.

#### 4.1.8 Assets Impairment Losses

Assets impairment losses are primarily derived from the following sources:

(2016: B3.9), 389.7% (2016: 1.0%),

3.5%

(2016: 1.0%),

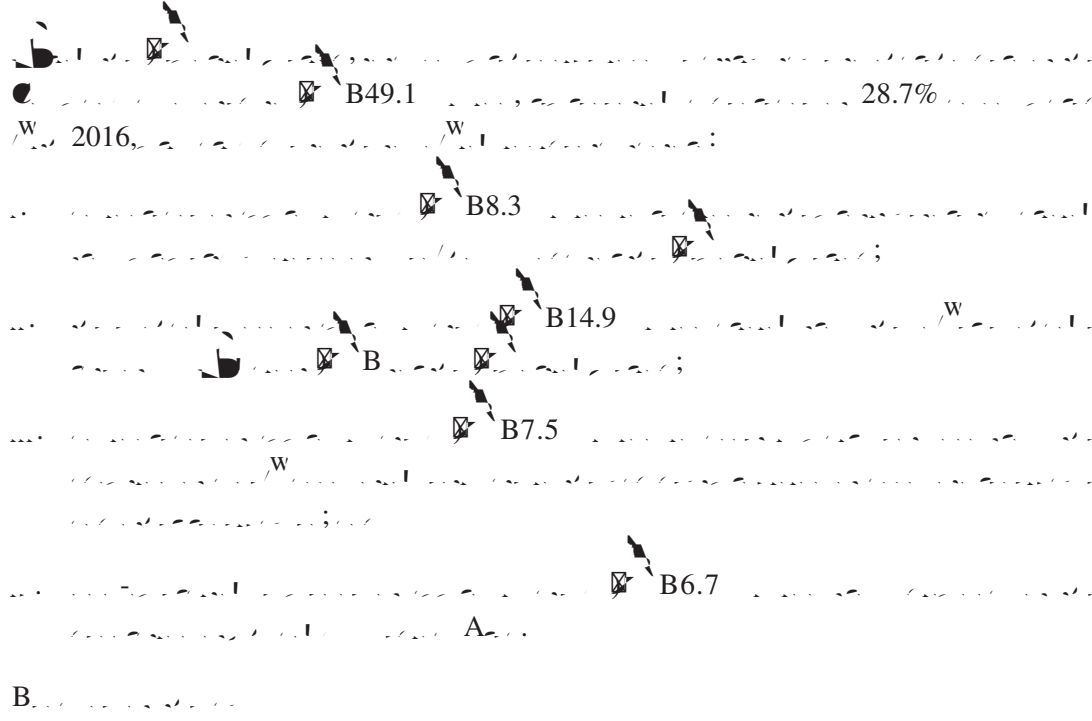
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#### ***4.1.9 Non-Operating Income (Expenses) and Other Gains***

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#### 4.1.11 Total Comprehensive Income





**4.2.4 Investment Properties**

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#### 4.2.8 Other Payables

As at December 31, 2017, other payables were RMB99.8 million (December 31, 2016: RMB38.9 million), of which RMB99.8 million were due within one year.

### 4.3 Liquidity and Capital Resources

The following table summarizes the cash flows from operating, investing and financing activities:

	For the year ended	
	December 31, 2017 (RMB'000)	2016 (RMB'000)
Cash generated from operating activities	81,499	49,867
Cash used in investing activities	(223,628)	(92,788)
Cash (used in)/generated from financing activities	(21,900)	69,080
Cash (used in)/generated from operating, investing and financing activities	<b>(169,625)</b>	<b>38,706</b>

#### 4.3.1 Net Cash Generated from Operating Activities

Net cash generated from operating activities for 2017 was RMB81.5 million (2016: RMB47.8 million), which was mainly due to the increase in net profit of RMB18.6 million, the increase in net cash from disposal of subsidiaries of RMB101.9 million (2016: RMB47.6 million) and the decrease in net cash from disposal of property, plant and equipment of RMB18.6 million (2016: RMB18.6 million).

#### 4.3.2 Net Cash Used in Investing Activities

Net cash used in investing activities for 2017 was RMB223.6 million (2016: RMB208.9 million), which was mainly due to the increase in net cash from disposal of subsidiaries of RMB223.6 million (2016: RMB208.9 million) and the decrease in net cash from disposal of property, plant and equipment of RMB60.5 million (2016: RMB60.5 million).

### 4.3.3 Net Cash Used in Financing Activities

At December 31, 2017, the Company had cash and cash equivalents of B21.9 million, compared to B90.0 million at December 31, 2016. The decrease was primarily due to net cash used in financing activities of B107.7 million.

### 4.3.4 Significant Investment, Acquisition and Disposal

The Company did not have any significant investment, acquisition and disposal during the reporting period.

## 4.4 Indebtedness

### 4.4.1 Bank Borrowings

At December 31, 2017, the Company had bank borrowings of B200.0 million, compared to B216.7 million at December 31, 2016. The decrease was primarily due to the repayment of bank borrowings of B90.0 million and the increase of bank borrowings of B106.7 million.

### 4.4.2 Contingent Liabilities

At December 31, 2017, the Company had no contingent liabilities.

### 4.4.3 Asset Pledge

The Company had no asset pledge at December 31, 2017, compared to B40.0 million at December 31, 2016.

### 4.4.4 Contractual Obligations

At December 31, 2017, the Company had contractual obligations of B334.2 million.

### 4.4.5 Financial Instruments

The Company had no financial instruments at December 31, 2017.

#### **4.4.6 Exposure to Fluctuation in Exchange Rates**

The Group's financial statements are presented in Hong Kong dollars, which is the functional currency of the Group. The Group's operations are conducted in Hong Kong, the PRC and other countries. The Group's assets and liabilities are denominated in Hong Kong dollars, US dollars, RMB and other currencies.

As at December 31, 2017, the Group's net assets are denominated in Hong Kong dollars, US dollars, RMB and other currencies. The Group's net assets are denominated in Hong Kong dollars, US dollars, RMB and other currencies. The Group's net assets are denominated in Hong Kong dollars, US dollars, RMB and other currencies.

#### **4.4.7 Gearing Ratio**

As at December 31, 2017, the Group's gearing ratio (as measured by net debt divided by total capitalization) was 34.3% (December 31, 2016: 35.1%).

#### **4.4.8 Employees and Remuneration Policy**

As at December 31, 2017, the Group had 280 employees (December 31, 2016: 280 employees).



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**9 COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

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**10 IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

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**11 AUDITORS AND ACCOUNTING STANDARDS**

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## 12.2 Consolidated Annual Financial Information

12.2.1 Annual Consolidated Income Statement

### 12.2.1 Annual Consolidated Income Statement

	For the year ended	
	December 31,	
	2017	2016
	RMB	RMB
<b>1. Revenue</b>	<b>666,435,528</b>	415,408,969
Revenue from operations	(449,331,902)	(272,071,264)
Revenue from other operations	(9,780,313)	(1,169,328)
Revenue from disposal of subsidiaries	(1,752,173)	(3,144,314)
Revenue from disposal of long-term investments	(91,754,247)	(69,855,467)
Revenue from disposal of financial assets	(24,262,625)	24,764,573
Revenue from disposal of available-for-sale financial assets	(19,104,920)	(3,902,289)
Revenue from disposal of other financial assets	(6,111,760)	(1,661,152)
Revenue from disposal of other non-current assets	(6,461,760)	(6,201,867)
Revenue from disposal of other non-current assets	(505,331)	(115,556)
Revenue from disposal of other non-current assets	<b>9,417,463</b>	
<b>2. Operating profit</b>	<b>73,249,720</b>	88,254,172
Operating profit from operations	<b>9,814,600</b>	8,567,750
Operating profit from other operations	(13,201,645)	(4,683,423)
<b>3. Total profit</b>	<b>69,862,675</b>	92,138,499
Total profit from operations	(22,026,917)	(26,587,505)
<b>4. Net profit</b>	<b>47,835,758</b>	65,550,994
Net profit from operations	47,835,758	65,550,994

**12.2.2 Annual Consolidated Balance Sheets**

<b>ASSETS</b>	<b>December 31, 2017 RMB</b>	<b>December 31, 2016 RMB</b>
<b>Current assets</b>		
Monetary funds	<b>279,334,159</b>	496,614,542
Accounts receivable	<b>232,179,323</b>	142,938,440
Prepaid expenses	<b>43,447,939</b>	54,672,733
Accounts payable	<b>11,132,676</b>	22,283,987
Other current assets	<b>23,532,469</b>	162,827,694
Other non-current assets	<b>12,688,704</b>	12,688,704
<b>Total current assets</b>	<b>602,315,270</b>	892,026,100
<b>Non-current assets</b>		
Accounts receivable	<b>50,000,000</b>	50,000,000
Long-term receivables	<b>89,683,865</b>	22,429,070
Long-term prepayments	<b>128,568,963</b>	72,191,872
Long-term equity investments	<b>502,649,528</b>	97,666,540
Long-term debt investments	<b>22,290,670</b>	198,066,153
Long-term investments	<b>151,842,863</b>	125,865,371
Other non-current assets	<b>4,823,557</b>	8,533,389
Long-term prepayments	<b>96,335,653</b>	88,855,792
Long-term equity investments	<b>22,571,944</b>	20,300,383
Long-term debt investments	<b>19,318,211</b>	27,447,253
<b>Total non-current assets</b>	<b>1,088,085,254</b>	711,355,823
<b>TOTAL ASSETS</b>	<b>1,690,400,524</b>	1,603,381,923

<b>LIABILITIES AND OWNERS' EQUITY</b>	<b>December 31, 2017 RMB</b>	<b>December 31, 2016 RMB</b>
<b>Current liabilities</b>		
Accounts payable	<b>90,000,000</b>	30,000,000
Accounts receivable	<b>83,787,338</b>	43,271,014
Accounts payable	<b>7,511,284</b>	71,147,900
Accounts payable	<b>23,714,318</b>	19,552,350
Accounts payable	<b>34,912,381</b>	41,195,655
Accounts payable	<b>99,79</b>	

**12.2.3 Annual Consolidated Statements of Cash Flow**

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB</b>	<b>USD</b>
<b>1. Cash flows generated from operating activities</b>		
• Cash inflows from sales of goods and services	<b>502,692,532</b>	415,653,362
• Cash inflows from other operating activities	<b>35,442,492</b>	28,832,288
<b>Sub-total of cash inflows</b>	<b>538,135,024</b>	444,485,650
• Cash outflows from sales of goods and services	<b>(172,416,737)</b>	(168,939,165)
• Cash outflows from other operating activities	<b>(158,956,031)</b>	(118,573,469)
• Cash outflows from sales of goods and services	<b>(47,590,827)</b>	(25,779,704)
• Cash outflows from other operating activities	<b>(77,672,510)</b>	(81,326,450)
<b>Sub-total of cash outflows</b>	<b>(456,636,105)</b>	(394,618,788)
<b>Net cash flows generated from operating activities</b>	<b>81,498,919</b>	49,866,862
<b>2. Cash flows used in investing activities</b>		
• Cash inflows from disposal of subsidiaries and other entities	<b>5,675,000</b>	1,075,000
• Cash inflows from disposal of subsidiaries and other entities	—	2,039,728
• Cash inflows from disposal of subsidiaries and other entities	—	1,500,000
• Cash inflows from disposal of subsidiaries and other entities	<b>310,446,972</b>	256,999,636
<b>Sub-total of cash inflows</b>	<b>316,121,972</b>	261,614,364
• Cash outflows from acquisition of subsidiaries and other entities	<b>(208,923,550)</b>	(183,852,005)
• Cash outflows from acquisition of subsidiaries and other entities	<b>(60,498,286)</b>	(71,708,000)
• Cash outflows from acquisition of subsidiaries and other entities	—	(280,995)
• Cash outflows from acquisition of subsidiaries and other entities	<b>(270,328,000)</b>	(98,561,000)
<b>Sub-total of cash outflows</b>	<b>(539,749,836)</b>	(354,402,000)
<b>Net cash flows used in investing activities</b>	<b>(223,627,864)</b>	(92,787,636)





**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, 2017 RMB	December 31, 2016 RMB
Accounts receivable	2,250,000	
Accounts receivable	<u>245,277,585</u>	151,042,945
	<b>247,527,585</b>	151,042,945
Accounts receivable	<u>(15,348,262)</u>	(8,104,505)
	<b>232,179,323</b>	<b>142,938,440</b>

As at December 31, 2017, 2016, the carrying amount of accounts receivable is as follows:

	31 December 2017 RMB	31 December 2016 RMB
1 year	215,379,873	137,552,824
1 - 2 years	29,274,942	10,835,771
2 - 3 years	2,441,995	2,211,065
3 years	<u>430,775</u>	443,285
	<b>247,527,585</b>	<b>151,042,945</b>

Accounts receivable are measured at amortized cost.

**12.3.2 Accounts payable**

As at December 31, 2017, 2016, the carrying amount of accounts payable is as follows:

	December 31, 2017 RMB	December 31, 2016 RMB
3 months	42,078,771	39,665,783
3 - 6 months	7,390,442	2,933,736
6 - 12 months	20,557,648	223,574
1 - 2 years	13,579,346	103,052
2 - 3 years	27,315	344,869
3 years	<u>153,816</u>	-
	<b>103,567,327</b>	<b>43,270,994</b>

**12.3.3 Revenue and cost of sales**

	For the year ended	
	2017	2016
	RMB	B
Revenue	546,561,325	410,447,911
Cost of sales	119,874,203	4,961,058
	<b>666,435,528</b>	<b>415,408,969</b>
Revenue	354,933,687	270,663,677
Cost of sales	94,398,215	1,407,587
	<b>449,331,902</b>	<b>272,071,264</b>

**Revenue and cost of sale from main businesses**

	For the year ended	
	2017	2016
	RMB	B
Revenue from main businesses	130,681,392	107,405,332
Revenue from other businesses	389,493,815	235,838,816
Cost of sales from main businesses	26,386,118	11,689,539
	<b>546,561,325</b>	

**For the year ended  
December 31, 2016**

**RMB**                      ~~USD~~ **B**

	<b>Revenue</b>	
	<b>from main</b>	
	<b>businesses</b>	
2016年营业收入	<b>105,905,729</b>	86,970,397
营业收入扣除与主营业务无关的业务收入	<b>285,599,012</b>	174,138,929
扣除金额	<b>18,943,170</b>	9,554,351
	<b>410,447,911</b>	<b>270,663,677</b>

**12.3.5 Income tax expenses**

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB</b>	<b>USD</b>
Income tax expense	<b>30,123,517</b>	32,874,281
Income tax benefit	<b>(8,096,600)</b>	(6,286,776)
	<b><u>22,026,917</u></b>	<b><u>26,587,505</u></b>

The income tax expense for the year ended December 31, 2017 is primarily attributable to the income tax expense of the Company's subsidiaries in the People's Republic of China ("PRC") and the United States ("U.S.") as follows:

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB</b>	<b>USD</b>
Income tax expense of the Company's subsidiaries in the PRC	<b>69,862,675</b>	92,138,499
Income tax expense of the Company's subsidiaries in the U.S.	<b>17,465,669</b>	23,034,625
Income tax benefit of the Company's subsidiaries in the U.S. (25%)	<b>3,741,704</b>	2,394,514
Income tax benefit of the Company's subsidiaries in the U.S. (A) <input checked="" type="checkbox"/>	<b>579,395</b>	(320,322)
Income tax benefit of the Company's subsidiaries in the U.S. (B) <input checked="" type="checkbox"/>	<b>(42,417)</b>	-
Income tax benefit of the Company's subsidiaries in the U.S. (C)	<b>415,248</b>	1,478,688
Income tax benefit of the Company's subsidiaries in the U.S. (D)	<b>207,837</b>	-
Income tax benefit of the Company's subsidiaries in the U.S. (E)	<b>(340,519)</b>	-
	<b><u>22,026,917</u></b>	<b><u>26,587,505</u></b>

**12.3.6 Dividends**

23, 2018, B	<input checked="" type="checkbox"/>	B10,956,000
31, 2017, W		73,040,000
31, 2017		8 00 (0) 28, 4 41 0 5 786 000

### 13 DEFINITIONS

▲ A	—	2017	13, 2018
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▲ B	—	B (北京怡寧醫院有限公司),	A 17, 2015 32.67%
▲ B	—	B	
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▲	—	(成都怡寧醫院有限公司)	成都仁一醫院有限公司),
▲	—	(成都怡寧醫院有限公司)	29, 2010 41.67%
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