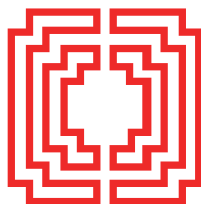


溫州康寧醫院股份有限公司  
Wenzhou Kangning Hospital Co., Ltd.  
(A joint stock limited liability company incorporated in the People's Republic of China)  
Stock code: 2120



溫州康寧醫院股份有限公司

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## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

### 1 INTRODUCTION

- 1.1 **Board** (溫州康寧醫院股份有限公司董事會) and **Company** (溫州康寧醫院股份有限公司) (collectively referred to as **Group**, **we**, **our**) have completed the annual results announcement for the year ended December 31, 2017 (**Reporting Period**) and the annual results announcement for the year ended December 31, 2016.
- 1.2 **Financial Report** (財務報告) for the year ended December 31, 2017 and the annual results announcement for the year ended December 31, 2016 have been reviewed by the **Accounting Firm** (會計師事務所) and the **Board** (董事會) of the Company.

## 2 FINANCIAL HIGHLIGHTS

## 2.1 Principal Financial Data and Indicators

|                                                      | For the year ended |              |
|------------------------------------------------------|--------------------|--------------|
|                                                      | December 31,       |              |
|                                                      | 2017               | 2016         |
|                                                      | (RMB'000)          | (US\$'000)   |
| Cost of sales                                        | 666,436            | 415,409      |
| Depreciation and amortization                        | 69,863             | 92,139       |
| Impairment losses                                    | (22,027)           | (26,588)     |
| Interest income                                      | 47,836             | 65,551       |
| Net foreign exchange gain/(loss) on foreign exchange | 49,071             | 68,832       |
| Net foreign exchange loss/(gain) on foreign exchange | (1,235)            | (3,281)      |
|                                                      |                    |              |
|                                                      | As of              | As of        |
|                                                      | December 31,       | December 31, |
|                                                      | 2017               | 2016         |
|                                                      | (RMB'000)          | (US\$'000)   |
| Prepaid expenses                                     | 1,690,401          | 1,603,382    |
| Prepaid expenses                                     | 579,904            | 562,012      |
| Prepaid taxes                                        | 1,110,497          | 1,041,370    |
| Net foreign exchange gain/(loss) on foreign exchange | 1,051,835          | 1,008,383    |
| Net foreign exchange loss/(gain) on foreign exchange | 58,662             | 32,987       |

### 3 BUSINESS REVIEW AND OUTLOOK

#### 3.1 Business Review

2017 年，本公司实现营业收入 10,451.978 万元，较 2016 年增加 1,978.40 万元，增幅为 23.40%。2017 年，本公司实现净利润 50.403 万元，较 2016 年增加 458.0 万元，增幅为 1000.0%。

[illegible]

for the year 2017, the number of people who had been employed in the past year was 1,400.

... and the ... ☒ ...

[illegible]



#### 4.1.1 Revenue and Cost of Revenue

[illegible]

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840.

|                                             | For the year ended |                |
|---------------------------------------------|--------------------|----------------|
|                                             | December 31,       |                |
|                                             | 2017               | 2016           |
|                                             | (RMB'000)          | (B'000)        |
| Revenue from sales of products              | 520,175            | 391,505        |
| Revenue from sales of services              | 26,386             | 18,943         |
| Revenue from sales of products and services | 546,561            | 410,448        |
| Revenue from sales of products and services | 2,318              | 2,955          |
| Revenue from sales of products and services | 117,557            | 2,006          |
| <b>Total revenue</b>                        | <b>666,436</b>     | <b>415,409</b> |

B666.4 1111, 60.4% 2016, ( ) 32.9% 39.3%, 33.2% ( ) B111.2 Bi 95.2% (2016: 95.4%) 4.8% (2016: 4.6%).

...and the management of the company's financial affairs. The company's financial performance is measured by its operating income, which is the income generated from its core business operations. The company's operating income is calculated as follows: Operating income = Total revenue - Cost of goods sold - Selling, general and administrative expenses - Research and development expenses - Depreciation and amortization - Other non-recurring expenses. The company's operating income for the year ended December 31, 2017 was RMB389,494,000, compared with RMB285,599,000 for the year ended December 31, 2016. The company's operating income for the year ended December 31, 2017 was 35.7% higher than that for the year ended December 31, 2016. The company's operating income for the year ended December 31, 2017 was 34.0% higher than that for the year ended December 31, 2016.

|                                                  | For the year ended |          |
|--------------------------------------------------|--------------------|----------|
|                                                  | December 31,       |          |
|                                                  | 2017               | 2016     |
|                                                  | (RMB'000)          | ( B'000) |
| <b>Treatment and general healthcare services</b> |                    |          |
| Operating income                                 | 389,494            | 285,599  |
| Operating expenses                               | 235,839            | 174,139  |
| Operating profit                                 | 153,655            | 111,460  |
| <b>Pharmaceutical sales</b>                      |                    |          |
| Operating income                                 | 130,681            | 105,906  |
| Operating expenses                               | 107,405            | 86,970   |
| Operating profit                                 | 23,276             | 18,936   |
| <b>Owned hospitals</b>                           |                    |          |
| Operating income                                 | 520,175            | 391,505  |
| Operating expenses                               | 343,244            | 261,109  |
| Operating profit                                 | 176,931            | 130,396  |

...and the management of the company's financial affairs. The company's financial performance is measured by its operating income, which is the income generated from its core business operations. The company's operating income is calculated as follows: Operating income = Total revenue - Cost of goods sold - Selling, general and administrative expenses - Research and development expenses - Depreciation and amortization - Other non-recurring expenses. The company's operating income for the year ended December 31, 2017 was RMB520,175,000, compared with RMB391,505,000 for the year ended December 31, 2016. The company's operating income for the year ended December 31, 2017 was 35.7% higher than that for the year ended December 31, 2016. The company's operating income for the year ended December 31, 2017 was 34.0% higher than that for the year ended December 31, 2016.

the company's revenue is derived from the sale of pharmaceutical products, and the company's revenue is derived from the sale of pharmaceutical products.

|                                                                          | For the year ended<br>December 31, |                |
|--------------------------------------------------------------------------|------------------------------------|----------------|
|                                                                          | 2017                               | 2016           |
| <b>Inpatients</b>                                                        |                                    |                |
| Number of inpatient beds                                                 | 3,420                              | 2,577          |
| Number of inpatient beds that were occupied                              | 1,248,300                          | 943,182        |
| Occupancy rate (%)                                                       | 87.8%                              | 86.5%          |
| Number of inpatient beds that were occupied                              | 1,095,389                          | 815,883        |
| Number of inpatient beds that were occupied                              |                                    |                |
| Number of inpatient beds that were occupied (in B'000)                   | 371,663                            | 268,555        |
| Number of inpatient beds that were occupied                              |                                    |                |
| Number of inpatient beds that were occupied (in B)                       | 339                                | 329            |
| Number of inpatient beds that were occupied                              |                                    |                |
| Number of inpatient beds that were occupied (in B'000)                   | 64,896                             | 48,262         |
| Number of inpatient beds that were occupied                              |                                    |                |
| Number of inpatient beds that were occupied (in B)                       | 59                                 | 59             |
| <b>Total inpatient revenue (RMB'000)</b>                                 | <b>436,559</b>                     | <b>316,817</b> |
| <b>Total average inpatient spending per bed-day (RMB)</b>                | <b>398</b>                         | <b>388</b>     |
| <b>Outpatients</b>                                                       |                                    |                |
| Number of outpatient visits                                              | 160,015                            | 145,696        |
| Number of outpatient visits that were occupied                           |                                    |                |
| Number of outpatient visits that were occupied (in B'000)                | 17,831                             | 17,044         |
| Number of outpatient visits that were occupied                           |                                    |                |
| Number of outpatient visits that were occupied (in B)                    | 111                                | 117            |
| Number of outpatient visits that were occupied                           |                                    |                |
| Number of outpatient visits that were occupied (in B'000)                | 65,785                             | 57,644         |
| Number of outpatient visits that were occupied                           |                                    |                |
| Number of outpatient visits that were occupied (in B)                    | 411                                | 396            |
| <b>Total outpatient revenue (RMB'000)</b>                                | <b>83,616</b>                      | <b>74,688</b>  |
| <b>Total average outpatient spending per visit (RMB)</b>                 | <b>522</b>                         | <b>513</b>     |
| <b>Total treatment and general healthcare services revenue (RMB'000)</b> | <b>389,494</b>                     | <b>285,599</b> |
| <b>Total pharmaceutical sales revenue (RMB'000)</b>                      | <b>130,681</b>                     | <b>105,906</b> |

Discontinued operations resulted in a net loss of RMB436.4 million, or 37.8% of operating profit for 2016, as compared to a net loss of RMB436.4 million, or 34.3% of operating profit for 2015. The net loss was primarily due to the loss of the investment in the subsidiary, which was accounted for as discontinued operations; net (loss) of RMB2.6 million, or 0.2% of operating profit for 2016, as compared to a net loss of RMB2.6 million, or 0.2% of operating profit for 2015. (2016: 80.9%).

Discontinued operations resulted in a net loss of RMB83.6 million, or 12.0% of operating profit for 2016, as compared to a net loss of RMB83.6 million, or 9.8% of operating profit for 2015. The net loss was primarily due to the loss of the investment in the subsidiary, which was accounted for as discontinued operations; net (loss) of RMB1.8 million, or 0.2% of operating profit for 2016, as compared to a net loss of RMB1.8 million, or 0.2% of operating profit for 2015. (2016: 16.1% (2016: 19.1%)), primarily due to the loss of the investment in the subsidiary, which was accounted for as discontinued operations.

Discontinued operations resulted in a net loss of RMB36.4 million, or 36.4% of operating profit for 2016, as compared to a net loss of RMB36.4 million, or 36.4% of operating profit for 2015. The net loss was primarily due to the loss of the investment in the subsidiary, which was accounted for as discontinued operations; net (loss) of RMB23.4 million, or 23.4% of operating profit for 2016, as compared to a net loss of RMB23.4 million, or 23.4% of operating profit for 2015. (2016: 25.1% (2016: 27.1%)).

The net loss was primarily due to the loss of the investment in the subsidiary, which was accounted for as discontinued operations; net (loss) of RMB1.8 million, or 0.2% of operating profit for 2016, as compared to a net loss of RMB1.8 million, or 0.2% of operating profit for 2015. (2016: 16.1% (2016: 19.1%)), primarily due to the loss of the investment in the subsidiary, which was accounted for as discontinued operations.

|                         | For the year ended |            |
|-------------------------|--------------------|------------|
|                         | December 31,       |            |
|                         | 2017               | 2016       |
|                         | (RMB'000)          | ( RMB'000) |
| Operating profit        | 131,949            | 103,962    |
| Operating expenses      | 116,085            | 87,060     |
| Operating income        | 20,358             | 12,830     |
| Discontinued operations | 29,331             | 17,697     |
| Operating income        | 17,401             | 14,018     |
| Operating expenses      | 9,975              | 6,062      |
| Operating income        | 18,145             | 19,480     |
| Operating income        | 343,244            | 261,109    |

B343.2 31.5% 2016, 26.9% 33.3% B19.2 62.8%.

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



32.6% (2016: 34.5%),  $\Delta$  0.518 0.1 (p)  $\Delta$  0.518 0.1 (p)



#### 4.1.7 Investment Income/(Loss)

[illegible]

|                       | For the year ended |                |
|-----------------------|--------------------|----------------|
|                       | December 31,       |                |
|                       | 2017               | 2016           |
|                       | (RMB'000)          | (B'000)        |
| Cost of goods sold    |                    |                |
| Cost of services sold | (6,462)            | (6,202)        |
| Cost of goods sold    | 350                | 4,541          |
|                       | <u>(6,112)</u>     | <u>(1,661)</u> |

[illegible]

#### 4.1.8 Assets Impairment Losses

(2016: B3.9), 389.7% (2016: 3.5%) (2016: 1.0%), B19.1, B7.5, 3( ) 0.514 0 ( ) .70.514 0 ( ) .70.514 0. 51

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

[illegible]

|                               | For the year ended<br>December 31, |                   |
|-------------------------------|------------------------------------|-------------------|
|                               | 2017<br>(RMB'000)                  | 2016<br>(RMB'000) |
| Operating income              | 9,619                              | 8,019             |
| Operating expenses            | 196                                | 549               |
| <b>Non-operating income</b>   | <b>9,815</b>                       | <b>8,568</b>      |
| Non-operating expenses        | 4,166                              | 4,478             |
| Non-operating income          | 7,215                              | -                 |
| Non-operating expenses        | 1,821                              | 205               |
| <b>Non-operating expenses</b> | <b>13,202</b>                      | <b>4,683</b>      |
| <b>Other gains</b>            | <b>9,417</b>                       | <b>-</b>          |

B9.8  
 B9.6  
 B13.2  
 B 6.7  
 A  
 B9.4

#### 4.1.10 Income Tax Expense

B22.0  
 (2016: B26.6), decreased to 17.2% in 2016,  
 24.2% in 2015.  
 2016. A decrease in 2017 and 2016, at 31.5% and 28.9%, respectively, was due to a  
 decrease in the number of employees.

[illegible]

1

appropriate. **B** **3-289403**  
 75%  
 (A) ( ) 6,602.26  
 (A) ( ) 30,557.34  
 30, 2017

#### 4.2.2 Accounts Receivables

As of December 31, 2017, **B232.2**  
 (As of December 31, 2016: **B142.9**), **B220.1** 54.0%  
 December 31, 2016, **2016**.  
 121 (2016: 117).

#### 4.2.3 Other Receivables and Prepayments

As of December 31, 2017, **B54.6**  
 (As of December 31, 2016: **B77.0**).



Accounting period ended December 31, 2017, compared to the period ended December 31, 2016: B1,850.34 (2017) compared to B1,850.34 (2016)

Accounts payable, current portion, December 31, 2017, compared to the period ended December 31, 2016: B6,602.26 (2017) compared to B6,602.26 (2016)

Accounts payable, long-term portion, December 31, 2017, compared to the period ended December 31, 2016: B11,850.34 (2017) compared to B11,850.34 (2016)

Accounts payable, total, December 31, 2017, compared to the period ended December 31, 2016: 75%

Accounts payable, (A) (B) (C) 6,602.26

Accounts payable, (A) (B) (C) 11,850.34

Accounts payable, (A) (B) (C) 11,850.34

Accounts payable, (A) (B) (C) 11,850.34, compared to the period ended December 31, 2016: B11,850.34 (2017) compared to B11,850.34 (2016)

#### 4.2.5 Available-for-Sale Financial Assets

Accounts payable, December 31, 2017, compared to the period ended December 31, 2016: B50.0 (2017) compared to B50.0 (2016)

#### 4.2.6 Accounts Payable

Accounts payable, December 31, 2017, compared to the period ended December 31, 2016: B83.8 (2017) compared to B43.3 (2016)

#### 4.2.7 Advanced from Customers

Accounts payable, December 31, 2017, compared to the period ended December 31, 2016: B7.5 (2017) compared to B71.1 (2016)

#### 4.2.8 Other Payables

At December 31, 2017, other payables were B99.8 million (December 31, 2016: B38.9 million), primarily consisting of payables to related parties. ☒ None of the other payables are due within one year.

### 4.3 Liquidity and Capital Resources

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

|                                                     | For the year ended<br>December 31, |          |
|-----------------------------------------------------|------------------------------------|----------|
|                                                     | 2017                               | 2016     |
|                                                     | (RMB'000)                          | ( B'000) |
| Cash generated by operating activities              | 81,499                             | 49,867   |
| Cash used in investing activities                   | (223,628)                          | (92,788) |
| Cash (outflow)/inflow from financing activities     | (21,900)                           | 69,080   |
| Cash (outflow)/inflow from non-current tax payments | (169,625)                          | 38,706   |

#### 4.3.1 Net Cash Generated from Operating Activities

Net cash generated from operating activities was B81.5 million in 2017, compared with B47.8 million in 2016. ☒ The increase was primarily due to the increase in cash generated from operating activities of B18.6 million, which was mainly due to the increase in cash generated from operating activities of B101.9 million, compared with B47.6 million in 2016.

#### 4.3.2 Net Cash Used in Investing Activities

Net cash used in investing activities was B223.6 million in 2017, compared with B208.9 million in 2016. ☒ The increase was primarily due to the increase in cash used in investing activities of B60.5 million, which was mainly due to the increase in cash used in investing activities of B60.5 million, compared with B60.5 million in 2016.

### 4.3.3 Net Cash Used in Financing Activities

During the reporting period, the company used net cash in financing activities of RMB21.9 million, mainly due to the company's payment of dividends of RMB90.0 million and the company's payment of interest on bank borrowings of RMB107.7 million.

### 4.3.4 Significant Investment, Acquisition and Disposal

During the reporting period, the company did not have any significant investment, acquisition and disposal of subsidiaries.

## 4.4 Indebtedness

### 4.4.1 Bank Borrowings

As at December 31, 2017, the company's bank borrowings were RMB200.0 million (as at December 31, 2016: RMB216.7 million), mainly composed of short-term bank borrowings of RMB90.0 million and long-term bank borrowings of RMB106.7 million.

### 4.4.2 Contingent Liabilities

As at December 31, 2017, the company did not have any contingent liabilities payable or receivable.

### 4.4.3 Asset Pledge

As at December 31, 2017, the company's bank borrowings of RMB40.0 million were secured by the company's bank deposits of RMB40.0 million.

### 4.4.4 Contractual Obligations

As at December 31, 2017, the company's contractual obligations were RMB334.2 million.

### 4.4.5 Financial Instruments

The company's financial instruments include bank deposits, bank borrowings, accounts payable, accounts receivable, and other financial instruments. The company's financial instruments are classified into financial assets and financial liabilities.

#### 4.4.6 Exposure to Fluctuation in Exchange Rates

The Company's financial statements are presented in Hong Kong dollars, which are the functional and presentation currency of the Company. The Company's operations are conducted in Hong Kong dollars.

As at December 31, 2017, the Company's assets and liabilities are denominated in Hong Kong dollars. The Company's revenue and expenses are denominated in Hong Kong dollars. The Company's revenue and expenses are denominated in Hong Kong dollars. The Company's revenue and expenses are denominated in Hong Kong dollars.

#### 4.4.7 Gearing Ratio

As at December 31, 2017, the Company's gearing ratio (as a percentage of total assets) was 34.3% (as at December 31, 2016: 35.1%).

#### 4.4.8 Employees and Remuneration Policy

As at December 31, 2017, the Company had 1,860 employees (as at December 31, 2016: 1,348 employees). The Company's remuneration policy is designed to attract, retain and motivate employees (including senior management) to achieve the Company's business objectives. The Company's remuneration policy is designed to attract, retain and motivate employees (including senior management) to achieve the Company's business objectives. The Company's remuneration policy is designed to attract, retain and motivate employees (including senior management) to achieve the Company's business objectives.

The Company's remuneration policy is designed to attract, retain and motivate employees (including senior management) to achieve the Company's business objectives.

### 5 SIGNIFICANT EVENTS

#### 5.1 CSRC did not approve the Company's application for the initial public offering of A Shares of the Company

As a result of the Company's application for the initial public offering of A Shares of the Company, the CSRC did not approve the Company's application for the initial public offering of A Shares of the Company. The Company's application for the initial public offering of A Shares of the Company was not approved by the CSRC. The Company's application for the initial public offering of A Shares of the Company was not approved by the CSRC.

## 5.2 Dividend

B. 本公司擬派發 2017 年度股息，除每股派發 1.5 元外，另派發 2017 年度盈餘股息。A 先生於 2018 年 1 月 13 日，向本公司申請領取 2017 年度股息，本公司於 2018 年 1 月 13 日，向 A 先生發放 2017 年度股息。2018 年 1 月 25 日（**Record Date**）。

本公司擬派發 2018 年度股息，除每股派發 1.5 元外，另派發 2018 年度盈餘股息。A 先生於 2018 年 1 月 13 日，向本公司申請領取 2018 年度股息，本公司於 2018 年 1 月 13 日，向 A 先生發放 2018 年度股息。2018 年 1 月 25 日（**Record Date**）。

本公司擬派發 2019 年度股息，除每股派發 1.5 元外，另派發 2019 年度盈餘股息。A 先生於 2019 年 1 月 13 日，向本公司申請領取 2019 年度股息，本公司於 2019 年 1 月 13 日，向 A 先生發放 2019 年度股息。2019 年 1 月 25 日（**Record Date**）。

本公司擬派發 2020 年度股息，除每股派發 1.5 元外，另派發 2020 年度盈餘股息。A 先生於 2020 年 1 月 13 日，向本公司申請領取 2020 年度股息，本公司於 2020 年 1 月 13 日，向 A 先生發放 2020 年度股息。2020 年 1 月 25 日（**Record Date**）。

本公司擬派發 2021 年度股息，除每股派發 1.5 元外，另派發 2021 年度盈餘股息。A 先生於 2021 年 1 月 13 日，向本公司申請領取 2021 年度股息，本公司於 2021 年 1 月 13 日，向 A 先生發放 2021 年度股息。2021 年 1 月 25 日（**Record Date**）。



1. Describe the relationship between the two variables.  
 2. Describe the direction of the relationship.  
 3. Describe the strength of the relationship.  
 4. Describe the form of the relationship.  
 5. Describe the context of the relationship.

*Phragmites* stands are important as they provide habitat for waterfowl and other wildlife, filter pollutants from runoff, and store carbon. The presence of *Phragmites* in wetlands can indicate environmental health and biodiversity.

[illegible]

## 12.1 Accounting Policies

2016. <https://www.irs.gov/charities-non-profits/charitable-organizations/charitable-organizations-are-exempt-from-federal-income-tax>

## 12.2 Change In Accounting Policies

2017, *Journal of the American Academy of Child and Adolescent Psychiatry* 56: 42. doi:10.1097/00004583-201702000-00004. A. and B. are the authors of the article. A. is the author of the article. B. is the author of the article. 16. *Journal of the American Academy of Child and Adolescent Psychiatry* 56: 16. doi:10.1097/00004583-201702000-00016. A. and B. are the authors of the article. A. is the author of the article. B. is the author of the article. (2017 30).

| Content and reason for change in accounting policies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Impacted financial statement item | Amount of impact                     |                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                   | For the year ended December 31, 2017 | For the year ended December 31, 2016 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                   |                                      |                                      |
| On January 1, 2017, the Company adopted the new lease accounting standard, which requires the Company to recognize a right-of-use asset and a lease liability for all leases with a term greater than 12 months, except for short-term leases and leases of low-value assets. The Company elected the practical expedient to not separate lease and non-lease components and will apply the standard on a modified retrospective basis, recognizing the cumulative effect of the adoption on the opening balance sheet at January 1, 2017. | Lease liability                   | 9,417,463                            |                                      |
| On January 1, 2017, the Company adopted the new lease accounting standard, which requires the Company to recognize a right-of-use asset and a lease liability for all leases with a term greater than 12 months, except for short-term leases and leases of low-value assets. The Company elected the practical expedient to not separate lease and non-lease components and will apply the standard on a modified retrospective basis, recognizing the cumulative effect of the adoption on the opening balance sheet at January 1, 2017. | Right-of-use asset                | (9,417,463)                          |                                      |
| On January 1, 2016, the Company adopted the new lease accounting standard, which requires the Company to recognize a right-of-use asset and a lease liability for all leases with a term greater than 12 months, except for short-term leases and leases of low-value assets. The Company elected the practical expedient to not separate lease and non-lease components and will apply the standard on a modified retrospective basis, recognizing the cumulative effect of the adoption on the opening balance sheet at January 1, 2016. | Lease liability                   | 505,331                              | 115,556                              |
| On January 1, 2016, the Company adopted the new lease accounting standard, which requires the Company to recognize a right-of-use asset and a lease liability for all leases with a term greater than 12 months, except for short-term leases and leases of low-value assets. The Company elected the practical expedient to not separate lease and non-lease components and will apply the standard on a modified retrospective basis, recognizing the cumulative effect of the adoption on the opening balance sheet at January 1, 2016. | Right-of-use asset                |                                      |                                      |
| On January 1, 2017, the Company adopted the new lease accounting standard, which requires the Company to recognize a right-of-use asset and a lease liability for all leases with a term greater than 12 months, except for short-term leases and leases of low-value assets. The Company elected the practical expedient to not separate lease and non-lease components and will apply the standard on a modified retrospective basis, recognizing the cumulative effect of the adoption on the opening balance sheet at January 1, 2017. | Lease liability                   | (505,331)                            | (115,556)                            |
| On January 1, 2017, the Company adopted the new lease accounting standard, which requires the Company to recognize a right-of-use asset and a lease liability for all leases with a term greater than 12 months, except for short-term leases and leases of low-value assets. The Company elected the practical expedient to not separate lease and non-lease components and will apply the standard on a modified retrospective basis, recognizing the cumulative effect of the adoption on the opening balance sheet at January 1, 2017. | Right-of-use asset                |                                      |                                      |
| On January 1, 2016, the Company adopted the new lease accounting standard, which requires the Company to recognize a right-of-use asset and a lease liability for all leases with a term greater than 12 months, except for short-term leases and leases of low-value assets. The Company elected the practical expedient to not separate lease and non-lease components and will apply the standard on a modified retrospective basis, recognizing the cumulative effect of the adoption on the opening balance sheet at January 1, 2016. | Lease liability                   | 505,331                              | 115,556                              |
| On January 1, 2016, the Company adopted the new lease accounting standard, which requires the Company to recognize a right-of-use asset and a lease liability for all leases with a term greater than 12 months, except for short-term leases and leases of low-value assets. The Company elected the practical expedient to not separate lease and non-lease components and will apply the standard on a modified retrospective basis, recognizing the cumulative effect of the adoption on the opening balance sheet at January 1, 2016. | Right-of-use asset                |                                      |                                      |



## 12.2.2 Annual Consolidated Balance Sheets

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

| <b>LIABILITIES AND OWNERS' EQUITY</b>                                | <b>December 31,<br/>2017<br/>RMB</b> | <b>December 31,<br/>2016<br/>B</b> |
|----------------------------------------------------------------------|--------------------------------------|------------------------------------|
| <b>Current liabilities</b>                                           |                                      |                                    |
| Accounts payable                                                     | 90,000,000                           | 30,000,000                         |
| Accounts receivable                                                  | 83,787,338                           | 43,271,014                         |
| Accounts payable for purchases                                       | 7,511,284                            | 71,147,900                         |
| Prepaid expenses and other receivables                               | 23,714,318                           | 19,552,350                         |
| Other receivables                                                    | 34,912,381                           | 41,195,655                         |
| Other payables                                                       | 99,796,754                           | 38,922,694                         |
| Liabilities for employee compensation and benefits                   | 22,751,104                           | 54,180,304                         |
| <b>Total current liabilities</b>                                     | <b>362,473,179</b>                   | <b>298,269,917</b>                 |
| <b>Non-current liabilities</b>                                       |                                      |                                    |
| Accounts payable                                                     | 110,000,000                          | 149,950,190                        |
| Accounts receivable                                                  | 86,932,300                           | 86,738,600                         |
| Accounts payable                                                     | 10,556,851                           | 10,632,800                         |
| Accounts payable                                                     | 9,941,379                            | 16,420,433                         |
| <b>Total non-current liabilities</b>                                 | <b>217,430,530</b>                   | <b>263,742,023</b>                 |
| <b>Total liabilities</b>                                             | <b>579,903,709</b>                   | <b>562,011,940</b>                 |
| <b>Owners' equity</b>                                                |                                      |                                    |
| Capital                                                              | 73,040,000                           | 73,040,000                         |
| Reserves                                                             | 808,244,186                          | 795,604,861                        |
| Capital surplus                                                      | 23,710,012                           | 18,548,942                         |
| Minority interests                                                   | 146,840,254                          | 121,190,550                        |
| <b>Total equity attributable to owners of<br/>the parent company</b> | <b>1,051,834,452</b>                 | <b>1,008,384,353</b>               |
| Minority interests                                                   | 58,662,363                           | 32,985,630                         |
| <b>Total owners' equity</b>                                          | <b>1,110,496,815</b>                 | <b>1,041,369,983</b>               |
| <b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>                          | <b>1,690,400,524</b>                 | <b>1,603,381,923</b>               |

### 12.2.3 Annual Consolidated Statements of Cash Flow

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

|    |                                                              | For the year ended |               |
|----|--------------------------------------------------------------|--------------------|---------------|
|    |                                                              | December 31,       |               |
|    |                                                              | 2017               | 2016          |
|    |                                                              | RMB                | B             |
| 3. | Cash flows (used in)/generated from financing activities     |                    |               |
|    | Issuance of long-term debt                                   | 27,020,000         | 9,200,000     |
|    | Repayment of long-term debt                                  |                    |               |
|    | Repayment of short-term debt                                 |                    |               |
|    | Repayment of long-term debt                                  | 27,020,000         | 9,200,000     |
|    | Repayment of long-term debt                                  | 90,000,000         | 160,000,000   |
|    | Repayment of long-term debt                                  | 300,000            |               |
|    | Sub-total of cash inflows                                    | 117,320,000        | 169,200,000   |
|    | Interest expense                                             | (107,650,190)      | (67,496,810)  |
|    | Interest expense                                             | (27,084,188)       | (18,260,000)  |
|    | Interest expense                                             | (4,485,351)        | (14,362,579)  |
|    | Sub-total of cash outflows                                   | (139,219,729)      | (100,119,389) |
|    | Net cash flows (used in)/generated from financing activities | (21,899,729)       | 69,080,611    |
| 4. | Effect of changes in foreign exchange rate                   | (5,596,209)        | 12,546,534    |
| 5. | Net (decrease)/increase in cash and cash equivalents         | (169,624,883)      | 38,706,371    |
|    | At the beginning of the year                                 | 407,163,542        | 368,457,171   |
| 6. | Cash and cash equivalents at end of the year                 | 237,538,659        | 407,163,542   |

## 12.2.4 Annual Consolidated Statement of Changes In Equity

|                                                              | Equity attributable to owners of the parent company |                    |                   |                    | Non-controlling interests | Total owners' equity |
|--------------------------------------------------------------|-----------------------------------------------------|--------------------|-------------------|--------------------|---------------------------|----------------------|
|                                                              | Share capital                                       | Capital surplus    | Surplus reserve   | Retained earnings  |                           |                      |
| Balance at 1 January 2017                                    | 73,040,000                                          | 795,604,861        | 18,548,942        | 121,190,550        | 32,985,630                | 1,041,369,983        |
| Profit for the year                                          | —                                                   | —                  | —                 | 49,070,774         | (1,235,016)               | 47,835,758           |
| Transfer from retained earnings to surplus reserve           | —                                                   | —                  | —                 | —                  | 27,020,000                | 27,020,000           |
| Transfer from surplus reserve to retained earnings           | —                                                   | 412,805            | —                 | —                  | —                         | 412,805              |
| Transfer from retained earnings to non-controlling interests | —                                                   | 12,226,520         | —                 | —                  | (108,251)                 | 12,118,269           |
| Dividend paid                                                | —                                                   | —                  | —                 | —                  | —                         | —                    |
| Share repurchase                                             | —                                                   | —                  | 5,161,070         | (5,161,070)        | —                         | —                    |
| Share issue                                                  | —                                                   | —                  | —                 | (18,260,000)       | —                         | (18,260,000)         |
| Balance at December 31, 2017                                 | <u>73,040,000</u>                                   | <u>808,244,186</u> | <u>23,710,012</u> | <u>146,840,254</u> | <u>58,662,363</u>         | <u>1,110,496,815</u> |

Equity attributable to owners of the parent company

|                                                              | Share capital     | Capital surplus    | Surplus reserve   | Retained earnings  | Non-controlling interests | Total owners' equity |
|--------------------------------------------------------------|-------------------|--------------------|-------------------|--------------------|---------------------------|----------------------|
| Balance at 1 January 2016                                    | 73,040,000        | 797,510,642        | 11,343,566        | 77,824,436         | 2,512,383                 | 962,231,027          |
| Profit for the year                                          | —                 | —                  | —                 | 68,831,490         | (3,280,496)               | 65,550,994           |
| Transfer from retained earnings to surplus reserve           | —                 | —                  | —                 | —                  | 9,200,000                 | 9,200,000            |
| Transfer from surplus reserve to retained earnings           | —                 | 2,311,135          | —                 | —                  | —                         | 2,311,135            |
| Transfer from retained earnings to non-controlling interests | —                 | (4,216,916)        | —                 | —                  | 15,946,066                | 11,729,150           |
| Dividend paid                                                | —                 | —                  | —                 | —                  | —                         | —                    |
| Share repurchase                                             | —                 | —                  | 7,205,376         | (7,205,376)        | —                         | —                    |
| Share issue                                                  | —                 | —                  | —                 | (18,260,000)       | —                         | (18,260,000)         |
| Balance at December 31, 2016                                 | <u>73,040,000</u> | <u>795,604,861</u> | <u>18,548,942</u> | <u>121,190,550</u> | <u>32,985,630</u>         | <u>1,041,369,983</u> |

## 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 | December 31, 2016 |
|----------------------------------------------|-------------------|-------------------|
|                                              | RMB               | B                 |
| Accounts receivable                          | 2,250,000         | -                 |
| Accounts receivable allowance                | 245,277,585       | 151,042,945       |
| Net accounts receivable                      | 247,527,585       | 151,042,945       |
| Accounts receivable from related parties     | (15,348,262)      | (8,104,505)       |
| Accounts receivable from non-related parties | 232,179,323       | 142,938,440       |

Accounts receivable from non-related parties, December 31, 2017 and 2016, are as follows:

|               | 31 December 2017 | 31 December 2016 |
|---------------|------------------|------------------|
|               | RMB              | B                |
| Within 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        |
| Over 3 years  | 430,775          | 443,285          |
|               | 247,527,585      | 151,042,945      |

Accounts receivable from related parties are as follows:

### 12.3.2 Accounts payable

Accounts payable, December 31, 2017 and 2016, are as follows:

|                | December 31, 2017 | December 31, 2016 |
|----------------|-------------------|-------------------|
|                | RMB               | B                 |
| Within 3 years | 42,078,771        | 39,665,783        |
| 3-6 years      | 7,390,442         | 2,933,736         |
| 6-12 years     | 20,557,648        | 223,574           |
| 1 - 2 years    | 13,579,346        | 103,052           |
| 2 - 3 years    | 27,315            | 344,869           |
| Over 3 years   | 153,816           | -                 |
|                | 83,787,338        | 43,271,014        |

### 12.3.3 Revenue and cost of sales

|                                     | For the year ended<br>December 31, |                    |
|-------------------------------------|------------------------------------|--------------------|
|                                     | 2017                               | 2016               |
|                                     | RMB                                | B                  |
| Revenue from main businesses        | 546,561,325                        | 410,447,911        |
| Revenue from other businesses       | 119,874,203                        | 4,961,058          |
|                                     | <u>666,435,528</u>                 | <u>415,408,969</u> |
| Cost of sales from main businesses  | 354,933,687                        | 270,663,677        |
| Cost of sales from other businesses | 94,398,215                         | 1,407,587          |
|                                     | <u>449,331,902</u>                 | <u>272,071,264</u> |

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

|                                       | For the year ended<br>December 31, |                    |
|---------------------------------------|------------------------------------|--------------------|
|                                       | RMB                                | B                  |
| Revenue from main businesses          |                                    |                    |
| Engineering contracts                 | 130,681,392                        | 107,405,332        |
| Engineering and construction services | 389,493,815                        | 235,838,816        |
| Construction services                 | 26,386,118                         | 11,689,539         |
|                                       | <u>546,561,325</u>                 | <u>354,933,687</u> |

|                      | For the year ended<br>December 31,2016 |                    |
|----------------------|----------------------------------------|--------------------|
|                      | <i>RMB</i>                             | <i>B</i>           |
| Revenue              | 105,905,729                            | 86,970,397         |
| from main businesses | 285,599,012                            | 174,138,929        |
| other businesses     | 18,943,170                             | 9,554,351          |
|                      | <u>410,447,911</u>                     | <u>270,663,677</u> |



### 12.3.6 Dividends

23, 2018, B 10,956,000  
31, 2017, 73,040,000  
31, 2017. ☒ A

24, 2017, B. 18,260,000  
31, 2016.  
2016 14, 2017  
14, 2017.

## 13 DEFINITIONS

- ▲ A — 2017 年 12 月 31 日及 2018 年 1 月 13 日
- ▲ A — B — B
- ▲ B — B (北京怡寧醫院有限公司), 2015 年 17 月, 2015 年 32.67%
- ▲ B — B — B
- ▲ — (蒼南康寧醫院有限公司), 2012 年 15 月, 2012 年 15 月
- ▲ — (成都怡寧醫院有限公司), 2010 年 29 月, 2010 年 41.67%
- ▲ — (成都怡寧醫院有限公司)
- ▲ — (重慶合川康寧醫院有限公司), 2015 年 5 月, 2015 年 40%
- ▲ — (淳安黃鋒康恩醫院)
- ▲ — B — B (2120)









