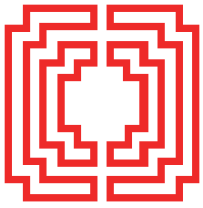
H K E C L T S E H K L



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

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%

D R P , G
33.8% (2017: 32.6%), 0.9
2017, H Y H
T K H , . 2018. T
1.8
2017, P
A 1, 2018.

4.1.3 Tax and Surcharge

D R P , G
RMB5.7 (2017: RMB9.8),
W K H C
K H W
G .

4.1.4 Selling Expenses

D R P , G
RMB5.1 (2017: RMB1.8),
2017, , G ’
. T 0.7%
G ’ (2017: 0.3%),
G ’ .

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

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 .

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)

12.2.3 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)

	Equity attributable to owners of the parent company					
	Share capital	Capital surplus	Surplus reserve	Retained earnings	Non-controlling interests	Total owners' equity
Balance at January 1, 2017	73,040,000	795,604,861	18,548,942	121,190,550	32,985,630	1,041,369,983
Movements for the year ended December 31, 2017						
T						
N				49,070,774	(1,235,016)	47,835,758
C						
C S					27,020,000	27,020,000
S -		412,805				412,805
O		12,226,520			(108,251)	12,118,269
P						
A			5,161,070	(5,161,070)		
P				(18,260,000)		(18,260,000)
Balance at December 31, 2017	73,040,000	808,244,186	23,710,012	146,840,254	58,662,363	1,110,496,815

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

G H W Y G H C ., L . ([redacted]
[redacted] S
C ,
, ,
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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
45% C

L K L K H C ., L . (W
H), PRC
F 2, 2015, C ' -
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L C T L C H C ., L . (( )
H , T L Y
H C ., L . (( )
PRC D
12, 2016, C ' -
S

N Y N Y H C ., L . ( ),
H PRC J
22, 2018, C ' -
S

P C P C
W H C ., L . (;

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N 2, 2015, C '
S

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

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D S ( ) D
31, 2018 S
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P H P H P S H (
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Q K Q K H C ., L . (
H) PRC
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RMB PRC

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RMB1.00 , ( )
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S Y S Y H C ., L . (
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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 ' -
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R P F D 31, 2018

W N W N P S H C ., L . (
H 67Y
PRC J 20, 2018,
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W C W C H C ., L . ( )
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J 25, 2006

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M 26,
2015 Y F H T
C W M C

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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