Wenzhou Kangning Hospital Co., Ltd.

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

Stock code: 2120

2018 ANNUAL REPORT

Contents

Corporate Information

Chairman's Statement

Chairman's Statement (Continued)

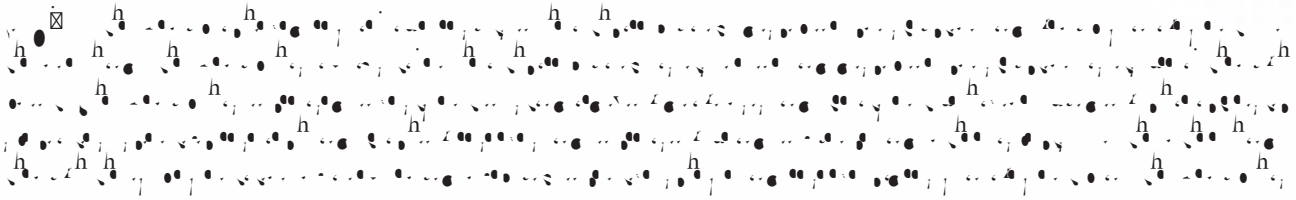
GUAN Weili

Management Discussion and Analysis

Psychiatric Specialized Medical Service Industry in China

Management Discussion and Analysis

Management Discussion and Analysis



Management Discussion and Analysis

Business Outlook

Management Discussion and Analysis

Financial Review

Revenue and Cost of Revenue

	For the year ended December 31, 2018 (RMB'000)	
	706,651	
	19,748	
	726,399	
	2,533	
	17,040	
Total revenue	745,972	

Management Discussion and Analysis

	For the year ended December 31,	
	2018	
	(RMB'000)	( )
Treatment and general healthcare services		
	539,548	
	331,883	
	207,665	
Pharmaceutical sales		
	167,103	
	140,330	
	26,773	
Owned hospitals		
	706,651	
	472,213	
	234,438	

Management Discussion and Analysis

	For the year ended December 31,	
	2018	
Inpatients		
	5,140	
	1,876,100	
(%)	80.3	
	1,506,762	
(’000)	516,794	
( )	343	
(’000)	87,609	
( )	58	
Total inpatient revenue (RMB’000)	604,403	
Total average inpatient spending per bed-day (RMB)	401	
Outpatients		
	188,488	

	For the year ended December 31,	
	2018	
	(RMB'000)	( )
	177,106	
	158,047	
	27,938	
	45,222	
	25,331	
	14,093	
	24,476	
Cost of revenue of owned hospitals	472,213	

Management Discussion and Analysis

	For the year ended December 31,	
	2018	
	(RMB'000)	( )
	19,748	
	12,816	
	6,932	

Management Discussion and Analysis

Selling Expenses

Administrative Expenses

	For the year ended December 31, 2018 (RMB'000)	
	55,281	
	4,095	
	8,723	
	10,218	
	3,694	
	15,990	
Total administrative expenses	98,001	

Research and Development Expenses

Finance Expenses – Net

	For the year ended December 31,	
	2018	
	(RMB'000)	( )
	3,683	
	4,074	( )
	(8,850)	( )
	(5,511)	( )
	(567)	( )
Finance expenses – net	(7,171)	( )

Investment Losses

	For the year ended December 31,	
	2018	
	(RMB'000)	( )
	(10,029)	( )
	1,727	
	(8,302)	( )

Assets Impairment Losses and Credit Impairment Losses

Non-Operating Income (Expenses) and Other Gains

	For the year ended December 31, 2018 (RMB'000)	('000)
	6,714	
	468	
Non-operating income	7,182	
	—	
	5,254	
	788	
Non-operating expenses	6,042	
Other gains	8,538	

Income Tax Expense

Total Comprehensive Income

	For the year ended December 31,	
	2018	
	(RMB'000)	( )
	4,074	( )
	—	( )
	(2,755)	
Total impact of non-recurring items (before income tax)	1,319	( )
Total impact of non-recurring items (after income tax)	60	( )

Management Discussion and Analysis

Inventory

Accounts Receivables

Other Receivables and Prepayments

Management Discussion and Analysis

Net Cash Generated from Financing Activities

Significant Investment, Acquisition and Disposal

Bank Borrowings

Contingent Liabilities

Asset Pledge

Contractual Obligations

Financial Instruments

Management Discussion and Analysis

Exposure to Fluctuation in Exchange Rates

Gearing Ratio

Employees and Remuneration Policy

Equity Incentive Scheme 2017 AGM

Category of personnel	Number of persons granted (person)	Number of Shares granted (Share)	Number of grant representing total issued share capital of the Company
	4		%
	161		%
	165		%

Report of the Board

Report of the Board

(《中華人民共和國精神衛生法》) (《醫療機構管理條例》) (《醫療機構管理條例實施細則》)

The use of net proceeds set out in the Prospectus	Original allocation of net proceeds		Amount of net proceeds used as of December 31, 2018		Remaining net proceeds as of December 31, 2018	
	Approximate (RMB million)	Approximate (%)	Approximate (RMB million)	Approximate (%)	Approximate (RMB million)	Approximate (%)
Total	580.7	100.0	541.1	100.0	37.9	100.0

Use of net proceeds upon the change	Amount of net proceeds used as of the Latest Practicable Date		Planned amount of net proceeds used as of December 31, 2019	
	Approximate (RMB million)	Approximate (%)	Approximate (RMB million)	Approximate (%)
Total	564.3	100.0	37.9	100.0

Report of the Board

(Record Date)

(《中華人民共和國企業所得稅法》)

Report of the Board

[illegible]

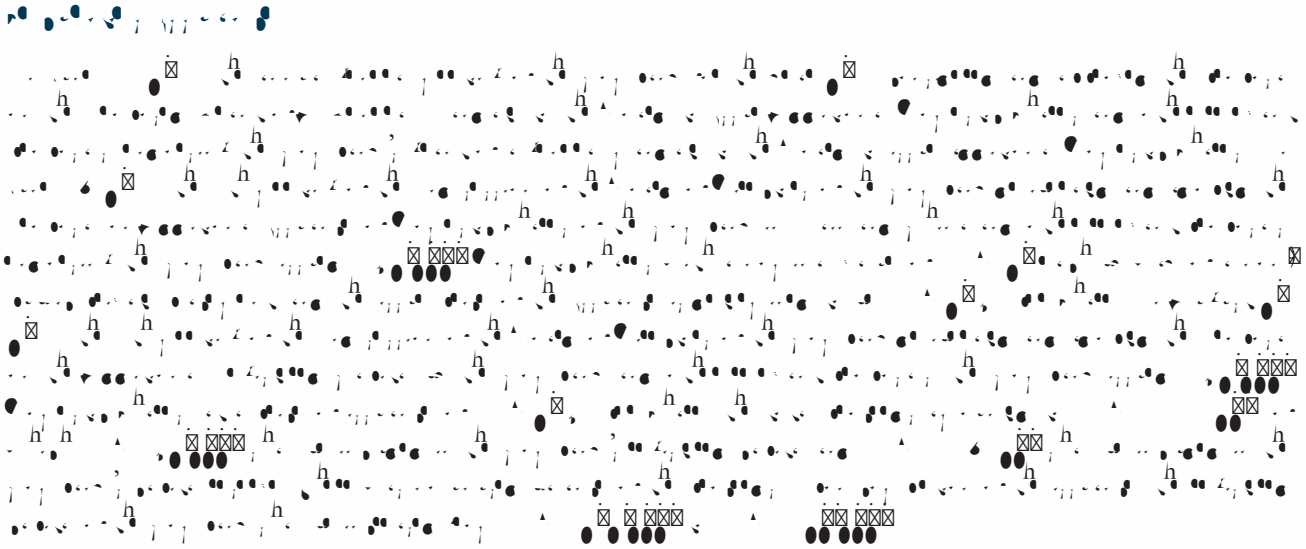
[illegible]

[illegible]

[illegible]

Report of the Board

Report of the Board



Report of the Board

Executive Directors

Non-executive Directors

Independent Non-executive Directors

Report of the Board

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate Percentage in Shares of the Same Class[1]	Approximate Percentage of the Company's Total Issued Share Capital[1]
(Defu Fund)				%	%
				%	%
				%	%
				%	%
				%	%
				%	%
				%	%
				%	%

Report of the Board

( ) (上海樂進投資合夥企業(有限合夥))% (上海檀英投資合夥企業(有限合夥)) (上海樂進投資合夥企業(有限合夥)) (上海檀英投資合夥企業(有限合夥))

( ) % (上海乾剛投資管理合夥企業(有限合夥)) (上海乾剛投資管理合夥企業(有限合夥))

( ) (上海盛歌投資管理有限公司) (上海乾剛投資管理合夥企業(有限合夥)) (上海檀英投資合夥企業(有限合夥)) (上海盛歌投資管理有限公司) (上海乾剛投資管理合夥企業(有限合夥)) (上海檀英投資合夥企業(有限合夥))

( ) (青島金石灝內投資有限公司) (金石投資有限公司) (金石投資有限公司) (青島金石灝內投資有限公司)

Report of the Board

For determining the entitlement to attend and vote at the AGM

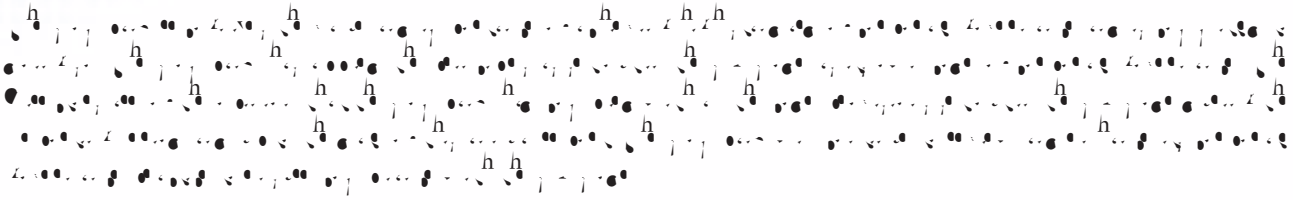
s224

Report of the Board

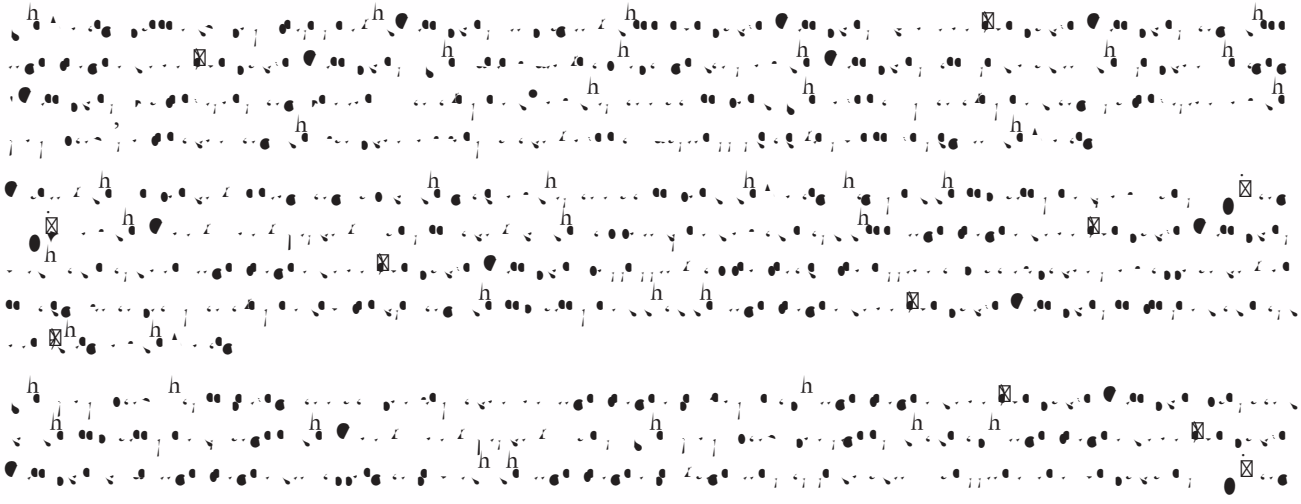
GUAN Weili

Report of the Supervisory Committee

SUN Fangjun



Board Composition



Corporate Governance Report

h

h h h

Corporate Governance Report

Corporate Governance Report

Impact of Change in the Format of Financial Statements

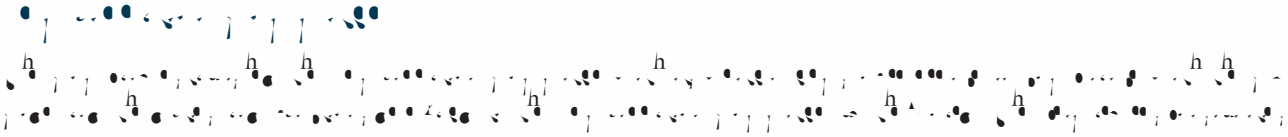
[illegible]

Corporate Governance Report

Directors	Number of meetings convened/attended

Directors	Number of meetings convened/attended

Corporate Governance Report



Directors	Number of meetings convened/attended

Corporate Governance Report

Corporate Governance Report

Remuneration band (RMB)	Number of individuals

[illegible]

[illegible]

[illegible]

[

Corporate Governance Report

Procedures for Shareholder(s) to Convene an Extraordinary General Meeting ("EGM")

Procedures for Shareholder(s) to Put Forward Proposals at a General Meeting

Procedures for Directing Shareholders' Enquiries to the Board

Directors, Supervisors and Senior Management

Executive Directors

Mr. GUAN Weili (管偉立)

(溫州市精神病院)

(溫州醫科大學)(

(溫州醫學院)

(溫州市人事局)

Ms. WANG Lianyue (王蓮月)

(溫州市精神病院)

(中共溫州市委黨校)

(西安交通大學網絡教育學院)

(中歐國際工商學院)

(二級心理諮詢師)

(人力資源和社會保障部)

Directors, Supervisors and Senior Management

Ms. WANG Hongyue (王紅月)

(溫州市龍灣區康寧醫藥批發公司)

(西安交通大學網絡教育學院)

Non-executive Directors

Mr. YANG Yang (楊揚)

(長立實業有限公司)

(中國人民解放軍海軍學院)

Directors, Supervisors and Senior Management

Mr. LIN Lijun (林利軍)

Independent Non-executive Directors

Mr. CHONG Yat Keung (莊一強)

Directors, Supervisors and Senior Management

Mr. HUANG Zhi (黃智)

(安徽開潤股份有限公司)

(武漢東湖高新集團股份有限公司)

(西藏天路股份有限公司)

(上海信公企業管理諮詢有限公司)

(自貢華氣科技股份有限公司)

(天風證券股份有限公司)

(復旦大學)

(中國註冊會計師協會)

Directors, Supervisors and Senior Management

Mr. GOT Chong Key Clevin (葛創基)

(香港乳癌基金會)

(東華三院)

&

(香港森那美集團夏巴公司)

(大昌行集團有限公司)( )

(麥基大學)

( )

Mr. SUN Fangjun (孫方俊)

(溫州市鹿城區衛生局)

(溫州市紅旗醫院)

(溫州市第八人民醫院)

(黑龍江省雞西衛校)

(溫州市人事局)

Directors, Supervisors and Senior Management

Ms. HUANG Jingou (黃靖歐)

(德福資本)

(美國中華醫學基金會)

&

(胡關李羅律師行)

(中山大學)

Mr. MA Jinlong (馬津龍)

(

)

&

(寧夏平羅農村商業銀行股份有限公司)

(瑞安農村商業合作銀行)

(浙江蒼南農村合作銀行)

Directors, Supervisors and Senior Management

Mr. QIAN Chengliang (錢成良)

Mr. XIE Tiefan (謝鐵凡)

(中央廣播電視大學)

(溫州市人事局)

Mr. WANG Qian (王 謙)

(溫州市人民醫院)

(泰順縣人民醫院)

(溫州醫科大學)(

(溫州醫學院))

(浙江省人力資源和社會保障廳)

Directors, Supervisors and Senior Management

Mr. ZHOU Chaoyi (周朝毅)

(温州心血管醫院)

(科長)

(温州市中醫院)

(温州市氣功療養院)

(高級研修班)

(温州市衛生局)

(浙江省衛生廳)

Mr. YE Minjie (葉敏捷)

(科長)

(温州市精神病院)

(新鄉醫學院)

(浙江省人力資源和社會保障廳)

Directors, Supervisors and Senior Management

Mr. XU Yi (徐誼)

(科长)

(中共溫州市委黨校)

(北京經濟管理職業學院)

Ms. ZHANG Feixue (章飛雪)

Directors, Supervisors and Senior Management

Mr. WANG Jian (王健)

(科員) (副主任科員)
(中國證監會廈門監管局)
&
(安永華明會計師事務所(特殊普通合夥))
(註冊會計師非執業會員)

Mr. JIN Weiguang (金偉光)

( )

Directors, Supervisors and Senior Management

Directors/ Senior Management	Positions Held at Members of the Group

Directors, Supervisors and Senior Management

Directors/ Senior Management	Members of the Group	Positions Held at Members of the Group	Term of Office
[illegible]	[illegible]	[illegible]	[illegible]

Directors, Supervisors and Senior Management

Directors/ Senior Management	Members of the Group	Positions Held at Members of the Group	Term of Office

Directors, Supervisors and Senior Management

Directors/ Senior Management	Members of the Group	Positions Held at Members of the Group	Term of Office
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

Auditor's Report

To the Shareholders of Wenzhou Kangning Hospital Co., Ltd.,

What we have audited

Auditor's Report

Auditor's Report

Auditor's Report

Auditor's Report

Consolidated Balance Sheet

ASSETS		31 December 2018		
Current assets				
	( )	187,076,694		
	( )	299,750,063		
	( )	58,051,581		
	( )	16,683,839		
	( )	20,813,747		
	( )	12,688,704		
Total current assets		595,064,628		
Non-current assets				
	( )	NA		
	( )	50,974,323		
	( )	100,321,983		
	( )	128,568,963		
	( )	444,322,834		
	( )	131,187,406		
	( )	185,257,977		
	( )	19,296,005		
	( )	144,386,669		
	( )	33,825,347		
	( )	7,517,900		
Total non-current assets		1,245,659,407		
TOTAL ASSETS		1,840,724,035		

Consolidated Balance Sheet

LIABILITIES AND OWNERS' EQUITY		31 December 2018		
Current liabilities				
	( )	145,000,000		
	( )	73,644,717		
	( )	—		
	( )	2,244,706		
	( )	28,270,410		
	( )	41,119,676		
	( )	129,807,988		
	( )	63,757,304		
Total current liabilities		483,844,801		
Non-current liabilities				
	( )	40,000,000		
	( )	86,645,200		
	( )	10,253,059		
	( )	14,707,619		
Total non-current liabilities		151,605,878		
Total liabilities		635,450,679		
Owners' equity				
	( )	75,500,000		
	( )	827,379,886		
	( )	(21,910,000)		
	( )	29,981,034		
	( )	210,044,608		
Total equity attributable to owners of the parent company		1,120,995,528		
Non-controlling interests		84,277,828		
Total owners' equity		1,205,273,356		
TOTAL LIABILITIES AND OWNERS' EQUITY		1,840,724,035		

GUAN Weili WANG Hongyue XU Qunyan

Balance Sheet

ASSETS		31 December 2018		
Current assets				
		147,680,587		
	( )	108,177,162		
		3,882,154		
	( )	554,772,707		
		8,404,245		
		12,688,704		
Total current assets		835,605,559		
Non-current assets				
	( )	NA		
	( )	50,974,323		
	( )	172,804,786		
	( )	319,978,975		
	( )	4,508,592		
	( )	96,340,865		
		18,656,548		
		171,000		
		7,665,855		
Total non-current assets		671,100,944		
TOTAL ASSETS		1,506,706,503		

Balance Sheet

LIABILITIES AND OWNERS' EQUITY		31 December 2018	[illegible]	[illegible]
			( )	( )
Current liabilities				
[illegible]		105,000,000	[illegible]	[illegible]
[illegible]		24,081,460		
[illegible]		—	[illegible]	
[illegible]		779,733		
[illegible]		13,395,856		
[illegible]		10,129,626		[illegible]
[illegible]		57,248,249	[illegible]	[illegible]
[illegible]		63,757,304	[illegible]	[illegible]
Total current liabilities		274,392,228	[illegible]	
Non-current liabilities				
[illegible]		40,000,000	[illegible]	[illegible]
[illegible]		86,645,200	[illegible]	[illegible]
[illegible]		10,253,059	[illegible]	[illegible]
Total non-current liabilities		136,898,259	[illegible]	[illegible]
Total liabilities		411,290,487		
Owners' equity				
[illegible]	( )	75,500,000	[illegible]	[illegible]
[illegible]	( )	828,931,889	[illegible]	
[illegible]	( )	(21,910,000)		
[illegible]		29,981,034	[illegible]	
[illegible]	( )	182,913,093	[illegible]	[illegible]
Total owners' equity		1,095,416,016	[illegible]	[illegible]
TOTAL LIABILITIES AND OWNERS' EQUITY		1,506,706,503	[illegible]	

[illegible]

Consolidated Income Statement

Item		Year Ended 31 December 2018	
1. Revenue		745,971,888	
		(493,729,636)	
		(5,720,201)	
		(5,141,918)	
		(98,001,249)	
		(5,733,120)	
		(7,171,247)	
		(4,823,557)	
		(18,695,980)	
		8,538,235	
		(8,302,493)	
		(10,029,269)	
		(1,420,551)	
2. Operating profit		105,770,171	
		7,182,072	
		(6,041,975)	
3. Total profit		106,910,268	
		(31,941,040)	
4. Net profit		74,969,228	
		74,969,228	
		—	
		80,595,677	
		(5,626,449)	
5. Total comprehensive income		74,969,228	
		80,595,677	
		(5,626,449)	
6. Earnings per share			
		1.10	
		1.09	

Income Statement

Item		Year Ended 31 December 2018	
1. Revenue		354,166,839	
		(230,191,852)	
		(2,957,704)	
		(1,797,984)	
		(51,747,365)	
		(5,733,120)	
		(5,198,109)	
		—	
		(4,921,160)	
		4,213,299	
		17,800,908	
		(1,479,145)	
2. Operating profit		72,154,607	
		7,339,091	
		(1,925,819)	
3. Total profit		77,567,879	
		(14,857,659)	
4. Net profit		62,710,220	
		62,710,220	
		—	
5. Total comprehensive income		62,710,220	

Consolidated Cash Flow Statement

Item	Year Ended 31 December 2018	
1. Cash flows from operating activities		
	654,660,709	
	31,999,794	
Sub-total of cash inflows	686,660,503	
	(241,731,386)	( )
	(218,086,294)	( )
	(39,374,238)	( )
	(120,948,057)	( )
Sub-total of cash outflows	(620,139,975)	( )
Net cash flows generated from operating activities	66,520,528	
2. Cash flows from investing activities		
	—	
	363,629,965	
Sub-total of cash inflows	363,629,965	
	(145,499,984)	( )
	(25,190,000)	( )
	(17,520,196)	
	(330,900,393)	( )
Sub-total of cash outflows	(519,110,573)	( )
Net cash flows used in investing activities	(155,480,608)	( )

Cash Flow Statement

Item	Year Ended 31 December 2018	
1. Cash flows used in operating activities		
	330,913,867	
	27,567,019	
Sub-total of cash inflows	358,480,886	
	(129,474,129)	( )
	(110,056,158)	( )
	(14,606,257)	( )
	(157,663,360)	( )
	(411,799,904)	( )
Net cash flows used in operating activities	(53,319,018)	( )
2. Cash flows from investing activities		
	—	
	36,000,000	
	365,293,712	
Sub-total of cash inflows	401,293,712	
	(40,477,961)	( )
	(46,594,921)	( )
	(323,091,850)	( )
Sub-total of cash outflows	(410,164,732)	( )
Net cash flows used in investing activities	(8,871,020)	( )

Cash Flow Statement

Item	Year Ended 31 December 2018	
3. Cash flows generated from financing activities		
	21,910,000	
	145,000,000	
	166,910,000	
	(124,791,600)	( )
	(16,108,587)	( )
	—	( )
	(140,900,187)	( )
Net cash flows generated from/(used in) financing activities	26,009,813	( )
4. Effect of changes in foreign exchange rate	1,113,949	( )
5. Net decrease in cash and cash equivalents	(35,066,276)	( )
	184,906,446	
6. Cash and cash equivalents at end of the year	149,840,170	

Consolidated Statement of Changes in Shareholders's Equity

		Equity attributable to owners of the parent company						
	Note	Share capital	Capital surplus	Less: Treasury Share	Surplus reserve	Retained earnings	Non-controlling interests	Total owners' equity
Balance at 31 December 2017		73,040,000	808,244,186	—	23,710,012	146,840,254	58,662,363	1,110,496,815
	2(28)	—	—	—	—	(164,301)	—	(164,301)
Balance at 1 January 2018 (Restated)		73,040,000	808,244,186	—	23,710,012	146,675,953	58,662,363	1,110,332,514
Movements for the year ended 31 December 2018								
		—	—	—	—	80,595,677	(5,626,449)	74,969,228
		2,460,000	19,450,000	(21,910,000)	—	—	12,910,000	12,910,000
	9	—	2,372,415	—	—	—	—	2,372,415
	4(29)	—	(3,597,311)	—	—	—	(4,157,192)	(7,754,503)
		—	910,596	—	—	—	—	910,596
		—	—	—	—	—	22,489,106	22,489,106
		—	—	—	6,271,022	(6,271,022)	—	—
	4(31)	—	—	—	—	(10,956,000)	—	(10,956,000)
Balance at 31 December 2018		75,500,000	827,379,886	(21,910,000)	29,981,034	210,044,608	84,277,828	1,205,273,356

Consolidated Statement of Changes in Shareholders's Equity

	Note					
Balance at 1 January 2017						
Movements for the year ended 31 December 2017						
					( )	
					( )	
				( )		
	( )			( )		( )
Balance at 31 December 2017						

Statement of Changes in Shareholder's Equity

Balanceat31December2017						
Balanceat1January2018						
Movements for the year ended 31 December 2018						
			( )			
	(6)				( )	( )
Balanceat31December2018		75,500,000	828,931,889	(21,910,000)	29,981,034	182,913,093	1,095,416,016

Statement of Changes in Shareholder's Equity

	Share capital	Capital surplus	Surplus reserve	Retained earnings	Total owners' equity
Balance at 1 January 2017	73,040,000	799,821,777	18,548,942	108,895,141	1,000,305,860
Movements for the year ended 31 December 2017					
	—	—	—	51,610,704	51,610,704
	—	412,805	—	—	412,805
	—	6,874,892	—	—	6,874,892
	—	—	5,161,070	(5,161,070)	—
	—	—	—	(18,260,000)	(18,260,000)
Balance at 31 December 2017	73,040,000	807,109,474	23,710,012	137,084,775	1,040,944,261

Notes to the Financial Statements

For the year ended 31 December 2018

(All amounts in RMB Yuan unless otherwise stated)

（溫州市康寧精神康復醫院）

（溫州康寧醫院股份有限公司）

(1) Basis of preparation

(2) Statement of compliance with the Accounting Standards for Business Enterprises

Notes to the Financial Statements

(3) Accounting year

(4) Recording currency

(5) Business combination

(6) Preparation of consolidated financial statements

(6) Preparation of consolidated financial statements

(7) Cash and cash equivalents

Notes to the Financial Statements

(8) Foreign currency translation

(9) Financial instruments

(9) Financial instruments

(9) Financial instruments

(1) Financial assets by category

(1) Financial assets at fair value through profit or loss

(2) Financial assets at amortised cost

(3) Financial assets at fair value through other comprehensive income

(4) Financial assets at fair value through other comprehensive income

(5) Financial assets at fair value through other comprehensive income

(9) Financial instruments

(10) Inventories

Notes to the Financial Statements

(11) Long-term equity investments

(11) Long-term equity investments

Notes to the Financial Statements

(11) Long-term equity investments

(12) Investment properties

(13) Fixed assets

(a)

(b)

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings		%	%
Medical equitments		%	%
Motor vehicles		%	%
Electronic and other equipment		%	%

(13) Fixed assets

(14) Construction in progress

(15) Borrowings costs

(16) Intangible assets

(a)

(b)

(c)

Contractual terms

(d)

(e)

(16) Intangible assets

(a)

(b)

(17) Long-term prepaid expenses

(18) Impairment of long-term assets

(19) Employee benefits

(20) Dividend distribution

(21) Share-based payments

(a)

(b)

(c)

(22) Revenue recognition

(23) Government grants

(24) Deferred tax assets and deferred tax liabilities

(25) Leases

(27) Critical accounting estimates and judgements

(27) Critical accounting estimates and judgements

	31 December 2018 Fair value	Technical of valuation	Item	Unobservable materially inputs Scope/ Weighted Average	Relationship with the fair value	Observable/ Unobservable
				%		
				%		

(27) Critical accounting estimates and judgements

(a)

(i)

(ii)

(b)

(i)

Notes to the Financial Statements

(27) Critical accounting estimates and judgements

(a)

(i)

(ii)

(b)

(i)

(ii)

(iii)

(28) Change in accounting policies

Notes to the Financial Statements

(28) Change in accounting policies

(1)

The nature and reason for change in accounting policies	Impacted Financial Statement Line Item	Impacted amount 1 January 2018	
		Consolidated	Company
		7,511,284	2,560,379
		(7,511,284)	(2,560,379)

Impacted Financial Statement Line Item	Impacted Amount 31 December 2018	

Notes to the Financial Statements

For the year ended 31 December 2018

(All amounts in RMB Yuan unless otherwise stated)

(28) Change in accounting policies

Notes to the Financial Statements

(28) Change in accounting policies

Category	Tax rate	Tax base
	%	
	% % %	
	%	
	%	
	%	
	% %	
	%	
	%	

Notes to the Financial Statements

Notes to the Financial Statements

For the year ended 31 December 2018

(All amounts in RMB Yuan unless otherwise stated)

(1) Cash at bank and on hand

	31 December 2018	
	657,361	
	186,180,534	
	238,799	
	187,076,694	

(2) Accounts receivable

	31 December 2018	
	6,749,917	
	318,519,503	
	325,269,420	
	(25,519,357)	( )
	299,750,063	

( )

	31 December 2018	
	261,000,854	
	51,396,190	
	12,862,881	
	9,495	
	325,269,420	

(2) Accounts receivable

	31 December 2018	
Balance	Provision for bad debts	
	Estimated credit loss during the	
Amount		

(3) Other receivables

	31 December 2018	
	20,712,000	
	7,461,889	
	17,970,291	
	7,709,142	
	8,443,740	
	62,297,062	
	(4,245,481)	
	58,051,581	

Notes to the Financial Statements

(3) Other receivables ( )

( )

	The First Stage Expected Credit Loss within 12 months(Comprehensive)		The Third Stage Expected Credit loss within entire stage (Credit Losted)		Total
	Balance	Provision for bad debt	Balance	Provision for bad debt	Provision for bad debt
		( )	( )	( )	( )
	60,140,947	3,035,451	2,156,115	1,210,030	4,245,481

( )

	Balance	Expected Credit Loss rate within 12 months	Provision for bad debt
		%	
		%	
		%	
		%	
		%	

( )

(3) Other receivables

(a)

(b)

	Balance	Expected Credit Loss rate within survival period	Provision for bad deb
		%	

(c)

(d)

(4) Advances to suppliers

	31 December 2018 Amount	%		%
	16,576,535	100%		%
	75,304	—		
	32,000	—		
	16,683,839	100%		%

(5) Inventories

	31 December 2018	
	14,933,448	
	3,305,013	
( )	2,575,286	
	20,813,747	

( )

Project Name	Commencing Date	Completion Date	Total budgeted cost	Opening balance	Additions	Transfer to Cost of revenue (Note4(32))	Ending balance
						( )	

(5) Inventories

	31 December 2018
	14,933,448
	3,305,013
	2,575,286
	20,813,747

(6) Current portion of non-current assets

	31 December 2018	
	12,688,704	

(7) Other non-current financial assets/Available-for-sale financial assets

	31 December 2018	
	50,974,323	

(8) Long-term equity investment

					31 December 2018
					15,285,189
					8,977,487
					7,381,414
					13,750,895
					24,725,191
					—
					15,788,251
					2,413,556
					12,000,000
					100,321,983

Notes to the Financial Statements

(8) Long-term equity investment

(8) Long-term equity investment

(9) Investment properties

	Properties and land use right

Notes to the Financial Statements

[illegible]

(10) Fixed assets

	Bulidings	Medical equitment	Motor vehicles	Electronic and other equitment	Total
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

(10) Fixed assets

(1)

(11) Construction in progress

(1)

Project name	31 December 2017	Increase in the year ended 31 December 2018	Transfer to fixed assets/long-term prepaid expenses	31 December 2018	Accumulative amount of capitalised borrowings costs	Including: Borrowings costs capitalised in theyear ended 31 December 2018	Capitalisation rate
							%

(2)

Notes to the Financial Statements

[illegible]

[illegible]

(12) Intangible assets

	Land use rights	Software	Contractual right to provide management service	Licences	Total
[illegible]					
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]		[illegible]		[illegible]	[illegible]
[illegible]		[illegible]		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]					
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]		[illegible]			[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]					
[illegible]	[illegible]			[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]

[illegible]

[illegible]

[illegible]

(13) Goodwill

			31 December 2018
			8,533,389
			7,784,850
			9,271,800
			2,239,355
			27,829,394
			(8,533,389)
			19,296,005

(a)

	31 December 2018	
	9,271,800	
	7,784,850	
	2,239,355	
	—	
	19,296,005	

(13) Goodwill

(a)

	Nanjing Yining Hospital	Wenling Nanfang Hospital	Others
	%	%	%
	%	%	%
	%	%	%
	%	%	%

(b)

(14) Long-term prepaid expense

					31 December 2018
				( )	143,890,269
				( )	496,400
				( )	144,386,669

(15) Deferred tax assets and deferred tax liabilities

(1)

	31 December 2018			
	Deductible temporary differences	Deferred tax assets		
	87,415,699	21,853,925		
	29,587,849	7,396,962		
	—	—		
	6,999,814	1,749,954		
	6,245,972	1,561,493		
	4,925,394	1,231,349		
	126,654	31,664		

(15) Deferred tax assets and deferred tax liabilities

(1)

	31 December 2018			
	Taxable temporary differences	Deferred tax liabilities		
	58,830,476	14,707,619		
		917,776		
		13,789,843		
		14,707,619		

(2)

	31 December 2018	
	—	
	121,875	
	121,875	

(3)

	31 December 2018	
	252	
	16,339	
	105,284	
	121,875	

(16) Other non-current assets

	31 December 2018	
	—	
	3,420,001	
	4,097,899	
	—	
	7,517,900	

(17) Provision for assets impairment

							31 December 2018
					( )	( )	25,519,357
					( )		4,245,481
							8,533,389
					( )	( )	38,298,227

(18) Short-term borrowings

	31 December 2018	
	105,000,000	
	40,000,000	
	145,000,000	

(19) Accounts payable

	31 December 2018	
	43,099,493	
	3,971,590	
	836,832	
	25,470,222	
	50,357	
	216,223	
	73,644,717	

(20) Contract liability and Advance from customers

	31 December 2018
	2,244,706

(21) Employee benefits payable

	31 December 2018
	26,998,313
	1,272,097
	28,270,410

(21) Employee benefits payable

	31 December 2018
	26,370,253
	1,800
	619,362
	544,658
	18,385
	56,319
	6,898
	26,998,313

(21) Employee benefits payable

(23) Other payables

	31 December 2018	
	55,265,308	
	23,501,353	
	3,410,000	
	6,657,029	
	6,000,000	
	3,743,045	
	21,910,000	
	—	
	1,554,541	
	7,766,712	
	129,807,988	

(24) Current portion of non-current liabilities

	31 December 2018	
	40,000,000	
	23,757,304	
	63,757,304	

(25) Long-term borrowings

	31 December 2018	
	80,000,000	
	(40,000,000)	
	40,000,000	

(26) Long-term payable

	31 December 2018	
	12,688,704	
	97,713,800	
	110,402,504	
	(23,757,304)	
	86,645,200	

(27) Deferred income

	31 December 2018
	10,253,059

	31 December 2018	Related to assets/income
( )	( )	10,253,059 Related to assets

( )

(28) Share capital

(29) Capital surplus

			31 December 2018
			778,272,727
			6,245,972
			42,861,187
			827,379,886

(30) Surplus reserve

			31 December 2018
			29,981,034

Notes to the Financial Statements

(31) Retained earning

	Year ended 31 December 2018	
	146,840,254	
	(164,301)	
	146,675,953	
	80,595,677	
	(6,271,022)	( )
	(10,956,000)	( )
	210,044,608	

(32) Revenue and cost of sales

(a)

	Year ended 31 December 2018	
	Revenue	Cost
	167,103,194	140,329,511
	539,548,284	331,883,344
	19,747,723	12,816,061
	726,399,201	485,028,916

(b)

	Year ended 31 December 2018	
	Revenue	Cost
	9,471,045	7,260,685
	7,568,944	—
	2,532,698	1,440,035
	19,572,687	8,700,720

(33) Taxes and surcharges

	Year ended 31 December 2018
	2018
	845,222
	4,139,967
	134,982
	57,691
	542,339
	5,720,201

Notes to the Financial Statements

(34) Expenses by nature

	Year ended 31 December 2018	
	221,649,507	
	179,200,817	
	7,260,685	
	28,914,368	
	9,933,744	
	24,113,944	
	32,065,307	
	25,331,355	
	14,021,346	
	4,049,315	
	14,092,852	
	7,497,157	
	3,000,000	
	70,096	
	2,637,078	
	5,930,695	
	6,047,780	
	2,372,415	
	14,417,462	
	602,605,923	

(35) Finance expenses-net

	Year ended 31 December 2018	
	(4,073,649)	
	(3,682,615)	( )
	12,684,236	
	(3,833,934)	( )

(37) Credit impairment losses

	Year ended 31 December 2018

(39) Other gains

	Year ended 31 December 2018	
	2,010,000	
	3,908,500	
	2,094,077	
	525,658	
	8,538,235	

(40) Non-operating income

	Year ended 31 December 2018	
	6,713,886	
	468,186	
	7,182,072	

Notes to the Financial Statements

(41) Non-operating expenses

	Year ended 31 December 2018	
	—	
	5,254,412	
	292,800	
	494,763	
	6,041,975	

(42) Income tax expenses

	Year ended 31 December 2018	
	39,910,885	
	(7,969,845)	( )
	31,941,040	

	Year ended 31 December 2018	
	106,910,268	
%	26,727,567	
	3,898,294	
	2,553,569	
	(850,617)	
	—	( )
	26,321	
	—	
	(414,094)	( )
	31,941,040	

Notes to the Financial Statements

For the year ended 31 December 2018

(All amounts in RMB Yuan unless otherwise stated)

Notes to the Financial Statements

(44) Supplementary information to the statement of cash flows

	Year ended 31 December 2018	
	74,969,228	
	4,823,557	
	18,695,980	
	28,914,368	
	9,933,744	
	24,113,944	
	1,420,551	
	—	
	6,604,738	
	8,302,493	
	(303,792)	( )
	(7,104,335)	( )
	(865,510)	( )
	3,284,122	
	2,372,415	
	(84,326,090)	( )
	(24,314,885)	( )
	66,520,528	

(44) Supplementary information to the statement of cash flows

(a)

	Year ended 31 December 2018	
	187,066,694	
	(237,538,659)	
	(50,471,965)	

(b)

	2018
	18,290,000
	1,580,000
	—
	6,000,000
	10,710,000
	(769,804)
	(301,276)
	(468,528)
	17,520,196

(c)

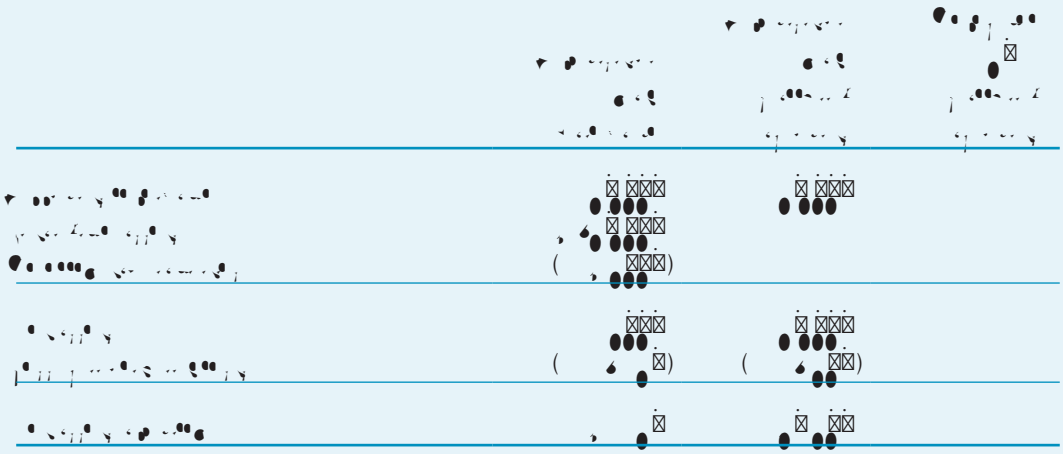
	31 December 2018	
	657,361	
	186,170,534	
	238,799	
	187,066,694	

Notes to the Financial Statements

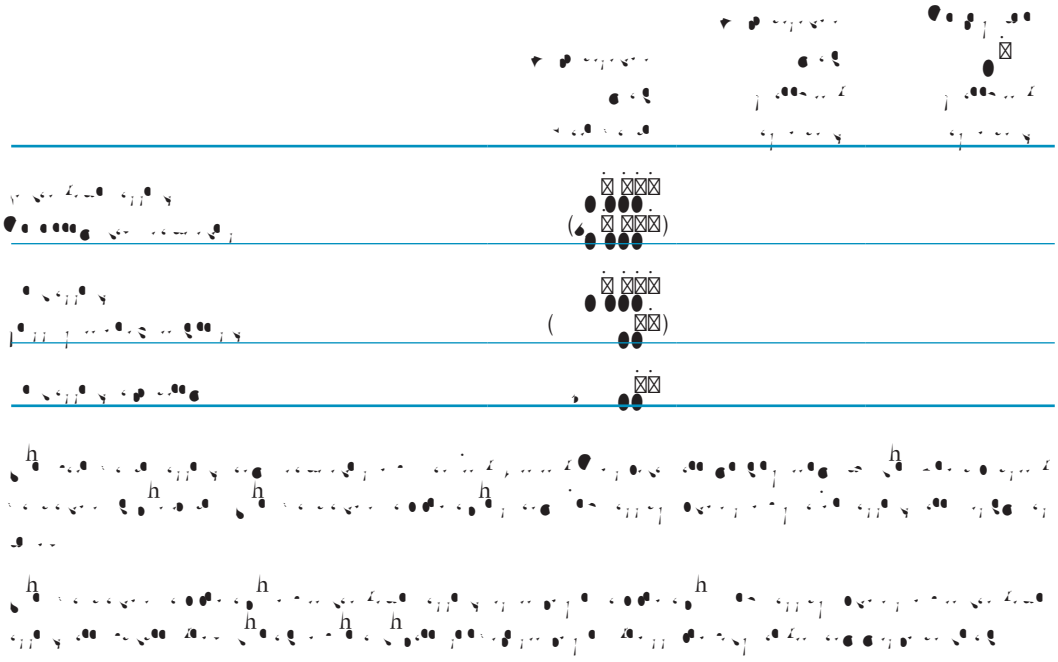
(1) Business combination involving enterprises not under common control

Acquiree	Date of addition	Purchase consideration	% of equity interest	Date of acquisition	Basis for acquisition	Revenue of the acquiree from the date

(1) Business combination involving enterprises not under common control

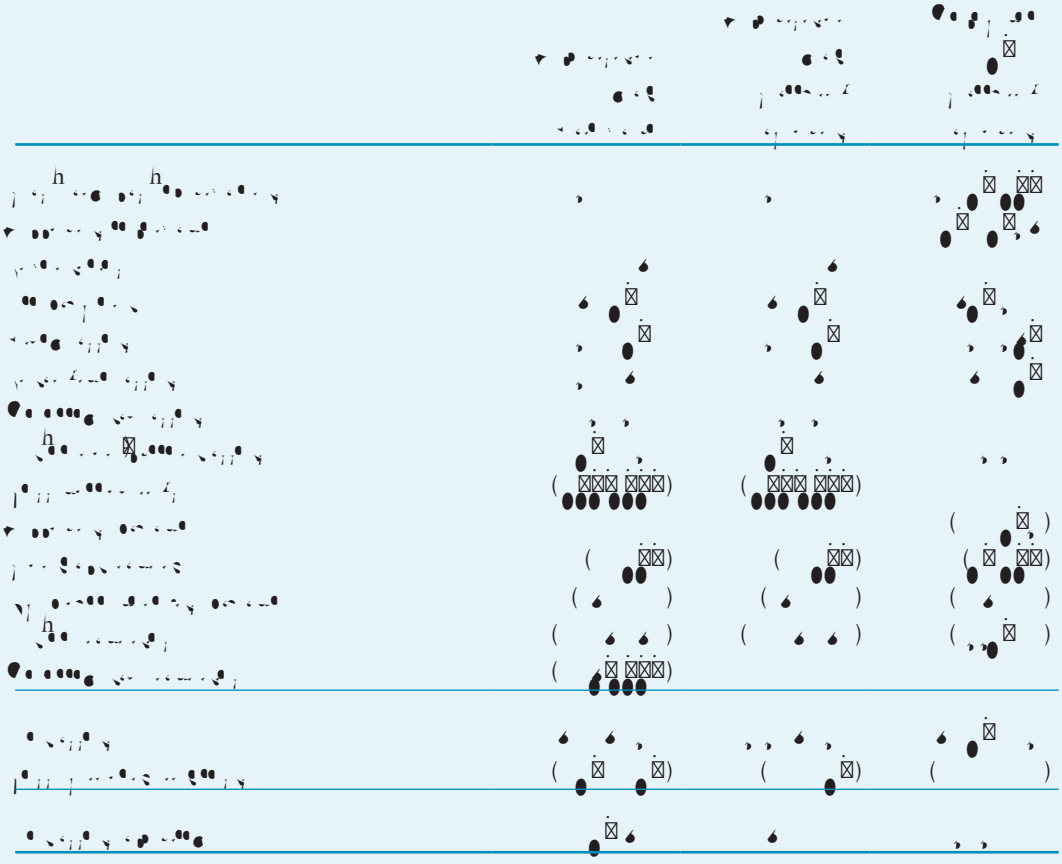


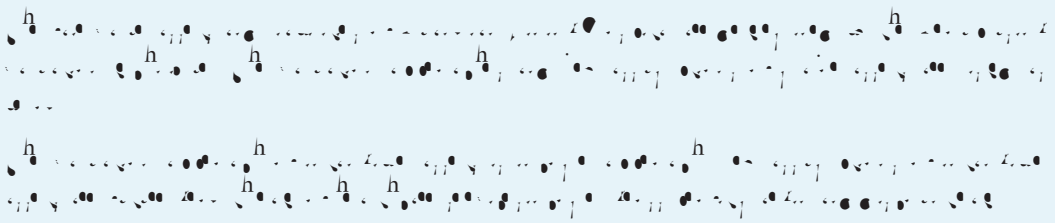
(1) Business combination involving enterprises not under common control



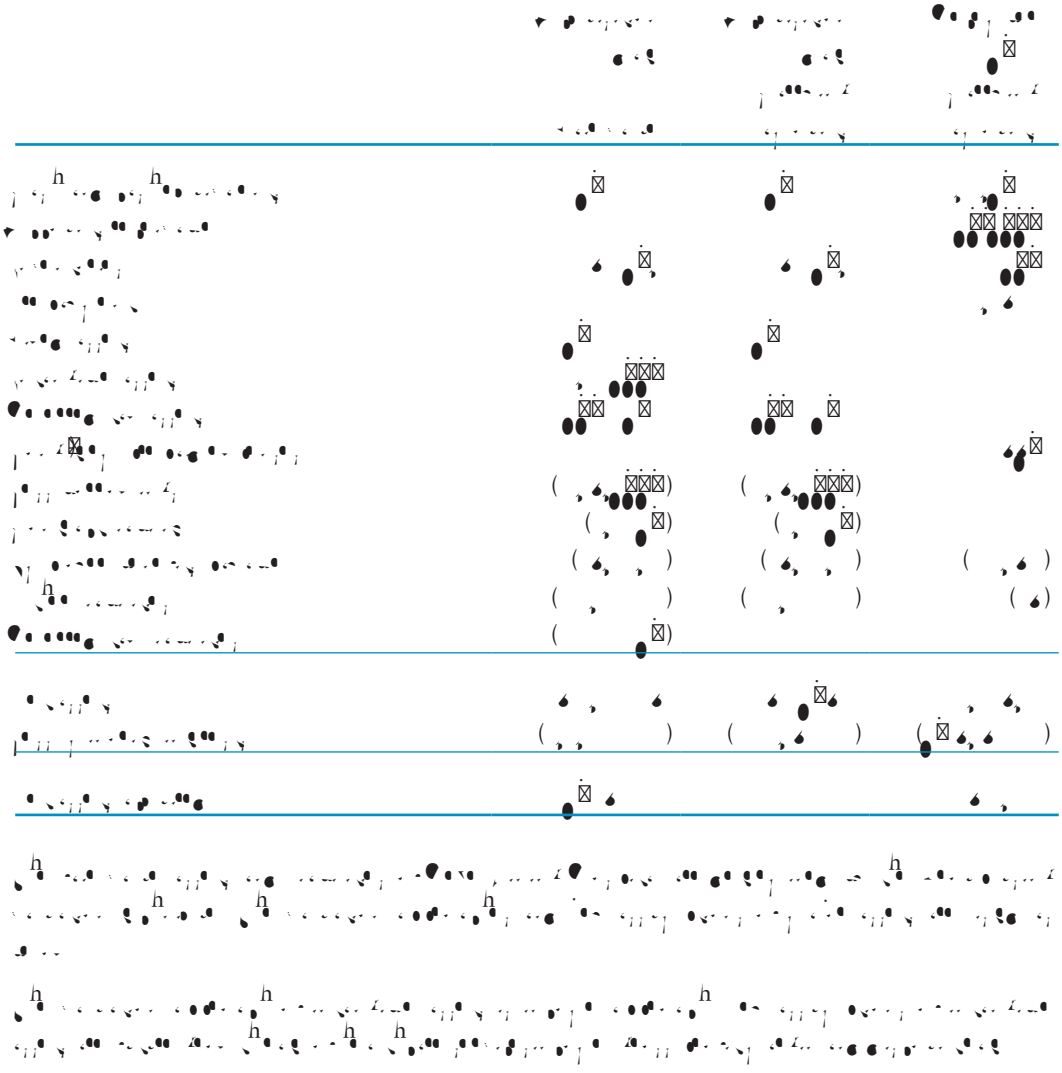
Notes to the Financial Statements

(1) Business combination involving enterprises not under common control





(1) Business combination involving enterprises not under common control



Notes to the Financial Statements

(1) Interests in subsidiaries

(1) Interests in subsidiaries

(a)

	31 December 2018	
	10,067,491	
	8,424,991	
	13,116,462	
	13,612,308	
	10,533,224	
	2,779,948	
	25,743,404	
	84,277,828	

(b)

	Shareholding % of non-controlling shareholders	Net profit or loss attributable to non-controlling shareholders for year ended 31 December 2018	Non-controlling interests as at 31 December 2018
	25%	(998,478)	13,612,308
	48%		

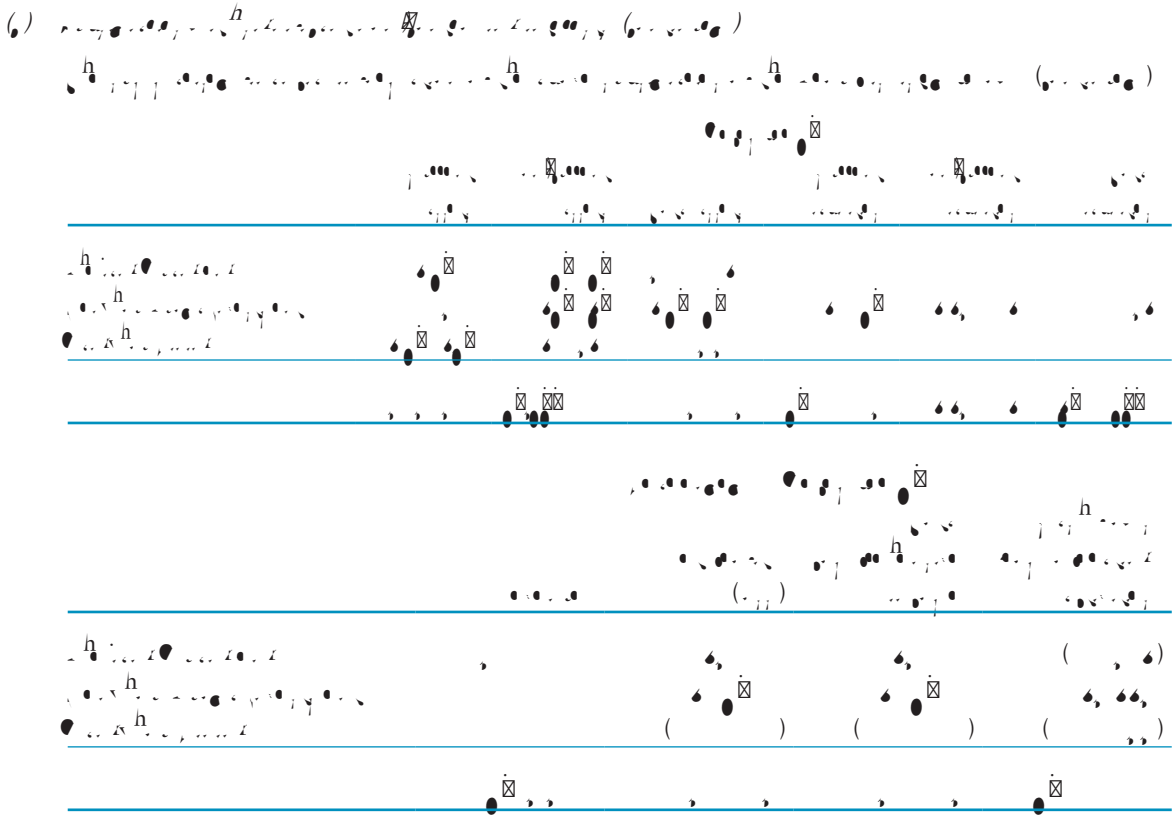
Notes to the Financial Statements

(1) Interests in subsidiaries

31 December 2018

	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
	16,773,329	165,362,467	182,135,796	117,724,378	9,308,166	127,032,544
	11,562,794	29,341,925	40,904,719	14,349,851	—	14,349,851
	37,742,817	31,388,018	69,130,835	16,241,445	—	16,241,445
	4,054,503	25,625,517	29,680,020	4,511,289		

(1) Interests in subsidiaries



(2) Interests in associates

(a)

	Principal Place of Business	Registry Place	Bustiness Nature	Is it Strategic to Group Business	Shareholding ratio Direct	Shareholding ratio Indirect
						%
						%

(b)

	Year ended 31 December 2018 Chengdu Yining	Year ended 31 December 2018 Shanxi Shanda
	9,758,005	30,077,967
	54,414,823	47,166,506
	64,172,828	77,244,473
	19,738,345	9,808,123
	44,434,483	67,436,350
( )	10,664,276	20,230,905
	5,024,000	4,494,286
	99,975	—
	15,788,251	24,725,191

(2) Interests in associates

(a)

	Year ended 31 December 2018	
	Chengdu Yining	Shanxi Shanda
	1,528,541	16,307,931
	(11,136,779)	(1,926,430)

(b)

	Year ended 31 December 2018	
	59,808,541	
	(6,778,513)	( )
	(6,778,513)	( )

Notes to the Financial Statements

[illegible]

	Healthcare and related service	Property investment and development	Total
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Notes to the Financial Statements

For the year ended 31 December 2018

(All amounts in RMB Yuan unless otherwise stated)

(1) General information of the Company

(2) The information of the subsidiaries

(3) The information of other related party

(4) Related party transactions

(a)

(b)

	Year ended 31 December	
	2018	
	3,000,000	
	373,624	
	548,306	
	3,921,930	

(c)

	Year ended 31 December	
	2018	
	1,037,328	
	—	
	1,037,328	

(4) Related party transactions

(a)

	Year ended 31 December 2018	
	—	
	1,312,205	
	179,057	
	—	
	2,665,101	
	—	
	911,600	
	9,319,230	
	14,387,193	

(b)

	Year ended 31 December 2018	
	90,226	
	—	
	—	
	90,226	

(c)

	Year ended 31 December 2018	
	—	

(4) Related party transactions

(a)

	Year ended 31 December 2018	
	4,163,800	
	459,935	
	4,623,735	

(b)

	Year ended 31 December 2018	
	185,000,000	
	—	
	185,000,000	

( )

	Year ended 31 December 2018	
	1,730,715	

(5) Balances with related parties

(1)

	31 December 2018	
	Balances	Provision for bad debts

(5) Balances with related parties

(a)

	31 December 2018	
	86,645,200	
	124,453	
	—	
	4,274,945	
	2,159,583	
	14,700,000	
	3,015,289	
	500,000	
	2,137,083	
	—	
	26,911,353	

(6) Key management compensation

(i)

	Fees	Salaries	Contributions to pension plans	Bonus	Other staff welfare expenses	Total
Executive directors(i)						
	—	396,000	21,974	74,951	33,784	526,709
	—	324,000	21,974	74,951	33,784	454,709
	—	166,100	21,974	68,628	33,064	289,766
Non- Executive directors(i)						
	—	—	—	—	—	—
	—	—	—	—	—	—
Independent directors						
	70,000	—	—	—	—	70,000
	70,000	—	—	—	—	70,000
	70,000	—	—	—	—	70,000
Supervisiors						
	—	—	—	—	—	—
	—	33,636	9,996	65,460	16,000	125,092
	—	—	—	—	—	—
	—	—	—	—	—	—
	—	—	—	—	—	—
	210,000	919,736	75,918	283,990	116,632	1,606,276

(6) Key management compensation

(a)

	Fees	Salaries	Contributions to pension plans	Bonus	Other staff welfare expenses	Total
Executive directors(i)						
	—	396,435	21,722	69,416	33,530	521,103
	—	324,435	21,722	69,416	33,530	449,103
	—	181,635	21,722	69,416	29,210	301,983
Non- Executive directors(i)						
	—	—	—	—	—	—
	—	—	—	—	—	—
Independent directors						
	70,000	—	—	—	—	70,000
	70,000	—	—	—	—	70,000
	70,000	—	—	—	—	70,000
Supervisiors						
	—	120,435	—	69,013	—	189,448
	—	47,829	9,408	52,067	10,566	119,870
	—	—	—	—	—	—
	—	—	—	—	—	—
	—	—	—	—	—	—
	210,000	1,070,769	74,574	329,328	106,836	1,791,507

(a) The Restricted Shares Scheme I

(a) The Restricted Shares Scheme I

(b) The Restricted Shares Scheme II

(b) The Restricted Shares Scheme II

( )

( )

( )

( )

(1) Capital commitments

	31 December 2018	
	146,163,230	
	698,000	
	146,861,230	

(2) Operating lease commitments

	31 December 2018	
	18,222,418	
	23,233,247	
	25,196,169	
	208,298,211	
	274,950,045	

(3) External investment commitments

( )

( )

(1) Market risk

(a)

	31 December 2018		
	HKD	USD	Total
	34,063,970	15,166,718	49,230,688

(1) Market risk

(2) Credit risk

(2) Credit risk

(3) Liquidity risk

	31 December 2018				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	73,644,717	—	—	—	73,644,717
	130,587,030	206,950	—	—	130,793,980
	23,757,304	6,377,600	23,220,900	118,035,800	171,391,604
	191,380,007	41,905,205	—	—	233,285,212
	419,369,058	48,489,755	23,220,900	118,035,800	609,115,513

(3) Liquidity risk

(1) Assets and liabilities measured at fair value on a recurring basis

	31 December 2018		
	Level 1	Level 2	Level 3

(1) Assets and liabilities measured at fair value on a recurring basis

(1) Accounts receivable

	31 December 2018	
	118,533,802	
	(10,356,640)	( )
	108,177,162	

	31 December 2018	
	90,659,674	
	21,053,851	
	6,814,718	
	5,559	
	118,533,802	

(1) Accounts receivable

(a)

(b)

(c)

	31 December 2018		
	Balance	Provision for bad debts	
	Amount	Estimated credit loss during the survival period	Amount
	6,493,620	1%	64,936
	48,710,059	5%	2,435,503
	35,455,995	6%	2,127,360
	21,053,851	11%	2,315,923
	6,814,718	50%	3,407,359
	5,559	100%	5,559
	118,533,802	9%	10,356,640

(d)

(e)

(2) Other receivables

	31 December 2018	
	552,370,656	
	—	
	2,866,522	
	704,200	
	966,927	
	556,908,305	
	(2,135,598)	( )
	554,772,707	

( )

	The First Stage Expected Credit Loss within 12 months(Comprehensive)		The Third Stage Expected Credit loss within entire stage (Credit Losted)		Total
	Balance	Provision for bad debt	Balance	Provision for bad debt	Provision for bad debt
			( )	( )	( )
31 December 2018	554,752,190	925,568	2,156,115	1,210,030	2,135,598

(2) Other receivables

(1)

(1)

	Balance	Expected Credit Loss rate within 12 months	Provision for bad debt
		%	
		%	
		%	
		%	

(2)

(1)

(2)

	Balance	Expected Credit Loss rate within survival period	Provision for bad deb
		%	

1)

(2) Other receivables

(3) Long-term equity investment

	31 December 2018	31 December
	139,727,432	

(3) Long-term equity investment

(4) Fixed assets

(5) Construction in progress

	Increase in the year ended 31 December 2018		31 December 2018
	8,838,609	( )	4,508,592

h

(6) Intangible assets

	Land use rights	Software	Contractual right to provide management service	Total

(7) Provision for assets impairment

		Change in accounting policy		Addition			
		514,163		5,075,345			
		—		112,858			
		514,163		5,188,203			

(8) Capital surplus

				30 June 2018
				781,870,038
				—
				6,245,972
				40,815,879
				828,931,889

(9) Retained earning

	Year ended 31 December 2018	
	137,084,775	
	345,120	
	137,429,895	
	62,710,220	
	(6,271,022)	(
	(10,956,000)	(
	182,913,093	

(10) Revenue and cost of sales

	Year ended 31 December 2018	
	Revenue	Cost
	353,371,156	230,191,852
	795,683	—
	354,166,839	230,191,852

(a)

	Year ended 31 December 2018	
	Revenue	Cost
	95,855,967	81,667,345
	244,567,918	137,943,217
	12,947,271	10,581,290
	353,371,156	230,191,852

(b)

	Year ended 31 December 2018	
	Revenue	Cost
	97,199	—
	698,484	—
	795,683	—

(11) Financial expenses-net

	Year ended 31 December 2018	[illegible]
[illegible]	(4,073,649)	[illegible]
[illegible]	(1,955,764)	[illegible]
[illegible]	5,296,137	[illegible]
[illegible]	—	[illegible]
[illegible] (1)	5,510,700	[illegible]
[illegible]	420,685	[illegible]
	5,198,109	[illegible]

(1) [illegible]

(12) Expenses by nature

	Year ended 31 December	
	2018	
	109,340,101	
	103,704,494	
	16,032,342	
	5,797,361	
	4,709,375	
	2,245,763	
	8,733,336	
	5,400,825	
	1,107,951	
	4,479,612	
	6,494,091	
	3,000,000	
	70,096	
	1,419,359	

(13) Credit impairment losses

	Year ended 31 December 2018	
	5,075,345	
	(154,185)	
	4,921,160	

(14) Investment income

	Year ended 31 December 2018	
	18,000,000	
	(689,990)	
	—	
	490,898	
	17,800,908	

(15) Income tax expenses

	Year ended 31 December 2018	
	17,267,982	
	(2,410,323)	( )
	14,857,659	

	Year ended 31 December 2018	
	77,567,879	
%	19,391,970	
	584,775	
	(850,617)	
	231,531	
	(4,500,000)	( )
	14,857,659	

Definitions

Definitions

Definitions

Definitions

Definitions

溫州康寧醫院股份有限公司

Wenzhou Kangning Hospital Co., Ltd.