[illegible]

温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

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

## 1 INTRODUCTION

1.1 [illegible] (" **Board**") [illegible] (" **Company**") [illegible] (" **Group**", " **we**" [illegible] " **our**") [illegible] 31, 2017 (" **Reporting Period**") [illegible] 31, 2016.

1.2 [illegible] (" **Financial Report**") [illegible] A [illegible] B [illegible] 31, 2016 [illegible] A [illegible] B [illegible]

## 2 FINANCIAL HIGHLIGHTS

### 2.1 Principal Financial Data and Indicators

| | For the year ended December 31, 2017 (RMB’000) | 2016 ( B’000) |
|---|---|---|
| [illegible] | **666,436** | 415,409 |
| [illegible] | **69,863** | 92,139 |
| [illegible] | **(22,027)** | (26,588) |
| [illegible] | **47,836** | 65,551 |
| [illegible] | **49,071** | 68,832 |
| [illegible] | **(1,235)** | (3,281) |

| | As of December 31, 2017 (RMB’000) | A 31, 2016 ( B’000) |
|---|---|---|
| [illegible] | **1,690,401** | 1,603,382 |
| [illegible] | **579,904** | 562,012 |
| [illegible] | **1,110,497** | 1,041,370 |
| [illegible] | **1,051,835** | 1,008,383 |
| [illegible] | **58,662** | 32,987 |

# 3 BUSINESS REVIEW AND OUTLOOK

## 3.1 Business Review

2017 [illegible] 0.40 [illegible] 0.45 [illegible] 51.978 [illegible] 0.40 [illegible] .978 [illegible]

[illegible] 0.458 0 [illegible] 0.458 0 [illegible] 50.403 0 [illegible] 0.

2017, [illegible] A [illegible] A [illegible]

### 3.2 Business Highlights

[illegible] 2017, [illegible] 1,400.

### 3.3 Business Outlook

[illegible]:

(i) [illegible] 2015 [illegible] 2017, [illegible] 56.6%, 52.6% [illegible] 53.8% [illegible];

(ii) [illegible];

(...) [illegible]

[illegible]

# 4 MANAGEMENT DISCUSSION AND ANALYSIS

## 4.1 Financial Review

[illegible] B666.4 [illegible] 60.4% [illegible] 2016, [illegible] B119.9 [illegible] B546.5 [illegible], [illegible] 33.2% [illegible] 2016. [illegible] 2016, [illegible] 34.0% (2016: 33.3%). A [illegible] 35.1% (2016: 34.1%), [illegible] B191.6 [illegible] 37.1% [illegible] 2016. [illegible] B49.1 [illegible], [illegible] 28.7% [illegible] 2016, [illegible] 2016 [illegible] - [illegible] A- [illegible] 2017, [illegible] / [illegible] A- [illegible] 28.5% [illegible] 2016.

### *4.1.1 Revenue and Cost of Revenue*

[illegible] (i) [illegible]; (ii) [illegible]; (iii) [illegible]; [illegible] (iv) [illegible].

[illegible]:

| | For the year ended December 31, | |
|---|---|---|
| | **2017** | 2016 |
| | ***(RMB'000)*** | *(RMB'000)* |
| [illegible] | **520,175** | 391,505 |
| [illegible] | **26,386** | 18,943 |
| [illegible] | **546,561** | 410,448 |
| [illegible] | **2,318** | 2,955 |
| [illegible] | **117,557** | 2,006 |
| **Total revenue** | **666,436** | 415,409 |

[illegible] B666.4 [illegible], [illegible] 60.4% [illegible] 2016, [illegible]: (i) [illegible] 32.9% [illegible] 39.3%, [illegible] 33.2% [illegible]; [illegible] (ii) [illegible] B111.2 [illegible] B [illegible] 95.2% [illegible] (2016: 95.4%) [illegible] 4.8% [illegible] (2016: 4.6%). [illegible].

[illegible]

[illegible]:

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

[illegible] B520.2 [illegible] B128.7 [illegible] 2016, [illegible], [illegible] B83.1 [illegible] (2016: B7.3 [illegible]). [illegible] 35.7% [illegible] 2016, [illegible] 34.0% (2016: 33.3%).

[illegible]

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

B436.4, 37.8% 2016, : (.) 34.3% ; (..) 2.6% 83.9% (2016: 80.9%).

B83.6, 12.0% 2016, : (.) 9.8%; (..) 1.8%. 16.1% (2016: 19.1%),

36.4% 2016, 74.9% (2016: 72.9%), 23.4% 2016, 25.1% (2016: 27.1%).

:

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

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

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

B11.7 , 22.4%
2016,

A , 55.7%
(2016: 49.6%).

B117.6 (2016: B2.0 ),
B111.2 B6.4
A 2016,
B93.1 ,

32.6% (2016: 34.5%), 0.518 0 (.) 0.518 0 (.)

B91.8 … 31.3 % … 2016, … 42.7% … 42.7%; … B6.4 … A- … 16.8% (2016: 17.0%), … A- … 15.8%, … 2017,

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

**For the year ended**

### *4.1.7 Investment Income/(Loss)*

/( ) /( ) /( ) /( ):

| | For the year ended December 31, | |
|---|---|---|
| | **2017** | 2016 |
| | ***(RMB'000)*** | *( B'000)* |
| | | |
| | **(6,462)** | (6,202) |
| | **350** | 4,541 |
| | **(6,112)** | (1,661) |

B6.1 (2016: B1.7 ), A

### *4.1.8 Assets Impairment Losses*

B19.1 (2016: B3.9 ), 389.7% 2016 3.5% (2016: 1.0%), B7.5 ; 3( ) 0.514 0 ) .70.514 0 ) .70.514 0 514 0 ( ) 0.514

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

[illegible]:

| | For the year ended December 31, | |
|---|---|---|
| | **2017** | 2016 |
| | ***(RMB'000)*** | *( B'000)* |
| [illegible] | **9,619** | 8,019 |
| [illegible] | **196** | 549 |
| **Non-operating income** | **9,815** | 8,568 |
| [illegible] | **4,166** | 4,478 |
| [illegible] | **7,215** | — |
| [illegible] | **1,821** | 205 |
| **Non-operating expenses** | **13,202** | 4,683 |
| **Other gains** | **9,417** | — |

[illegible] B9.8 [illegible] B9.6 [illegible] B13.2 [illegible] B 6.7 [illegible] A[illegible] B9.4 [illegible].

### *4.1.10 Income Tax Expense*

[illegible] B22.0 [illegible] (2016: B26.6 [illegible]), [illegible] 17.2% [illegible] 2016, [illegible] 24.2% [illegible] 2016. A[illegible] 2017 [illegible] 2016, [illegible] 31.5% [illegible] 28.9%, [illegible].

### 4.1.11 Total Comprehensive Income

B49.1 28.7% 2016,

B8.3 ;

B14.9 B ;

B7.5 ;

B6.7 A.

B B18.8 B67.9 35.8% 2016,

## 4.2 Financial Position

### 4.2.1 Inventory

A 31, 2017, B23.5 ( 31, 2016: B162.8 ), B14.1 ( 31, 2016: B9.3 ); B9.4 ( 31, 2016: B153.5 ), B :

| | |
|---|---|
| | B |
| A | |
| | (2012) 3-289403 |
| | 75% |
| (A .) ( .) | 6,602.26 |
| (A .) ( .) | 30,557.34 |
| | |
| | |
| | 30, 2017 |

***4.2.2 Accounts Receivables***

A 31, 2017, B232.2 ( 31, 2016: B142.9 ), B220.1 , 54.0% 31, 2016, 2016.

121 (2016: 117 ).

***4.2.3 Other Receivables and Prepayments***

A 31, 2017, B54.6 ( 31, 2016: B77.0 ).

### *4.2.4 Investment Properties*

A ... 31, 2017, ... B128.6 ... (... 31, 2016: B72.2 ...), ... B... (3_ & 4_) ... II ... B... (2_ 11_) ... :

| | |
|---|---|
| ... | ... B... (3_ & 4_) |
| A... | ... |
| ... | ... (2012) ... 3-290617, ... (2012) ... 3-290604, ... (2012) ... 3-290602, ... (2012) ... 3-290616, ... (2017) ... 0136790, ... (2017) ... 0136791, ... (2017) ... 0136792, ... (2017) ... 0136793 |
| ... | 75% |
| ... (A...) (...) | 3,722.29 |
| ... (A...) (...) | 12,854.06 |
| ... | ... |
| ... | ... 29, 2043, ... |

| | |
|---|---|
| | II B (2 11 ) |
| A | |
| | (2012) 3-289403 |
| | 75% |
| (A .) ( .) | 6,602.26 |
| (A .) ( .) | 11,850.34 |
| | |
| | 29, 2043, |

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

A 31, 2017, B50.0 ( 31, 2016: B50.0 ),

### *4.2.6 Accounts Payable*

A 31, 2017, B83.8 ( 31, 2016: B43.3 ), B19.8

### *4.2.7 Advanced from Customers*

A 31, 2017, B7.5 ( 31, 2016: B71.1 ), B B65.3

*4.2.8 Other Payables*

A 31, 2017, B99.8 ( 31, 2016: B38.9 ),

## 4.3 Liquidity and Capital Resources

:

| | For the year ended December 31, | |
|---|---|---|
| | **2017** | 2016 |
| | ***(RMB'000)*** | *( B'000)* |
| | **81,499** | 49,867 |
| | **(223,628)** | (92,788) |
| ( )/ | **(21,900)** | 69,080 |
| ( )/ | **(169,625)** | 38,706 |

*4.3.1 Net Cash Generated from Operating Activities*

B81.5 B47.8 B18.6 B101.9 B47.6

*4.3.2 Net Cash Used in Investing Activities*

B223.6 B208.9 , , ; B60.5

### *4.3.3 Net Cash Used in Financing Activities*

B21.9 B90.0 B107.7

### *4.3.4 Significant Investment, Acquisition and Disposal*

## 4.4 Indebtedness

### *4.4.1 Bank Borrowings*

A 31, 2017, B200.0 ( 31, 2016: B216.7 ), B90.0 B106.7

### *4.4.2 Contingent Liabilities*

A 31, 2017,

### *4.4.3 Asset Pledge*

B B 31, 2017, B40.0

### *4.4.4 Contractual Obligations*

A 31, 2017, B334.2

### *4.4.5 Financial Instruments*

*4.4.6 Exposure to Fluctuation in Exchange Rates*

[illegible] B. [illegible]

A[illegible] 31, 2017, [illegible]

*4.4.7 Gearing Ratio*

A[illegible] 31, 2017, [illegible] ([illegible]) [illegible] 34.3% ([illegible] 31, 2016: 35.1%).

*4.4.8 Employees and Remuneration Policy*

A[illegible] 31, 2017, [illegible] 1,860 [illegible] ([illegible] 31, 2016: 1,348 [illegible]). [illegible] ([illegible]) [illegible] B163.7 [illegible] (2016: B122.9 [illegible]). [illegible] B101.1 [illegible] ([illegible]). [illegible]

[illegible]

## 5 SIGNIFICANT EVENTS

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

A[illegible] 23, 2018, [illegible] A [illegible] 23, 2018.

## 5.2 Dividend

B A 13, 2018, 13, 2018 25, 2018 (**Record Date**).

14 2018 13 2018 ( ). A 1712 1716, 17 183 4:30 11 2018.

31, 2017 B0.15 ( ). 4:30 19, 2018. 20, 2018 25, 2018 ( ).

B. B B B.

(中華人民共和國企業所得稅法) 1, 2008, 10% A

10%

10%.

10%

10%.

10%

10% 20%

0.0195 ( ) 989 0 ( ) 2443 0 ( ) 0.0195 ( ) 989 0 ( ) 3.923 0

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

## 10 IMPORTANT EVENTS AFTER THE REPORTING PERIOD

## 11 AUDITORS AND ACCOUNTING STANDARDS

31, 2017, A B (PricewaterhouseCoopers), 2017. A, A A A A

## 12 FINANCIAL REPORT

### 12.1 Accounting Policies

A B - B 38 15 2006 ( A B A ).

2016.

## 12.2 Change In Accounting Policies

[illegible] 2017, [illegible] A [illegible] B [illegible] 42 [illegible] A [illegible] A [illegible] B [illegible] 16 [illegible] A [illegible] ( [illegible] 2017 [illegible] 30). [illegible]:

| Content and reason for change in accounting policies | Impacted financial statement item | Amount of impact For the year ended December 31, 2017 | Amount of impact For the year ended December 31, 2016 |
|---|---|---|---|
| [illegible] 31, 2017 [illegible] 31, 2016 [illegible] | [illegible] | 9,417,463 | [illegible] |
| | [illegible] | (9,417,463) | [illegible] |
| [illegible] 31, 2017 [illegible] 31, 2016 [illegible] | [illegible] | 505,331 | 115,556 |
| | [illegible] | (505,331) | (115,556) |

## 12.2 Consolidated Annual Financial Information

### *12.2.1 Annual Consolidated Income Statement*

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

### *12.2.2 Annual Consolidated Balance Sheets*

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

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

### *12.2.3 Annual Consolidated Statements of Cash Flow*

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

| | For the year ended December 31, | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *B* |
| **3. Cash flows (used in)/generated from financing activities** | | |
| [illegible] | **27,020,000** | 9,200,000 |
| [illegible] | | |
| [illegible] | | |
| [illegible] | **27,020,000** | 9,200,000 |
| [illegible] | **90,000,000** | 160,000,000 |
| [illegible] | **300,000** | |
| **Sub-total of cash inflows** | **117,320,000** | 169,200,000 |
| [illegible] | **(107,650,190)** | (67,496,810) |
| [illegible] | | |
| [illegible] | **(27,084,188)** | (18,260,000) |
| [illegible] | **(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 |
| A[illegible] | | |
| [illegible] | **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 | | | | | |
|---|---|---|---|---|---|---|
| | **Share capital** | **Capital surplus** | **Surplus reserve** | **Retained earnings** | **Non-controlling interests** | **Total owners' equity** |
| **Balance at 1 January 2017** | **73,040,000** | **795,604,861** | **18,548,942** | **121,190,550** | **32,985,630** | **1,041,369,983** |
| [illegible] | — | — | — | **49,070,774** | **(1,235,016)** | **47,835,758** |
| [illegible] | | | | | | |
| [illegible] | — | — | — | — | **27,020,000** | **27,020,000** |
| [illegible] | — | **412,805** | — | — | — | **412,805** |
| [illegible] | — | **12,226,520** | — | — | **(108,251)** | **12,118,269** |
| A[illegible] | | | | | | |
| [illegible] | — | — | **5,161,070** | **(5,161,070)** | — | — |
| [illegible] | | | | | | |
| [illegible] | — | — | — | **(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** |

| | [illegible] | | | | | |
|---|---|---|---|---|---|---|
| | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| **Balance at 1 January 2016** | 73,040,000 | 797,510,642 | 11,343,566 | 77,824,436 | 2,512,383 | 962,231,027 |
| [illegible] | — | — | — | 68,831,490 | (3,280,496) | 65,550,994 |
| [illegible] | | | | | | |
| [illegible] | — | — | — | — | 9,200,000 | 9,200,000 |
| [illegible] | — | 2,311,135 | — | — | — | 2,311,135 |
| [illegible] | — | (4,216,916) | — | — | 15,946,066 | 11,729,150 |
| B[illegible] | | | | | | |
| [illegible] | | | | | | |
| [illegible] | — | — | — | — | 8,607,677 | 8,607,677 |
| A[illegible] | | | | | | |
| [illegible] | — | — | 7,205,376 | (7,205,376) | — | — |
| [illegible] | | | | | | |
| [illegible] | — | — | — | (18,260,000) | — | (18,260,000) |
| **Balance at December 31, 2016** | 73,040,000 | 795,604,861 | 18,548,942 | 121,190,550 | 32,985,630 | 1,041,369,983 |

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

### *12.3.1 Accounts receivable*

| | December 31, 2017 *RMB* | [illegible] 31, 2016 *B* |
|---|---|---|
| [illegible] | **2,250,000** | [illegible] |
| [illegible] | **245,277,585** | 151,042,945 |
| [illegible] | **247,527,585** | 151,042,945 |
| [illegible] | **(15,348,262)** | (8,104,505) |
| | **232,179,323** | 142,938,440 |

[illegible] 31, 2017 [illegible] 2016 [illegible]:

| | 31 December 2017 *RMB* | 31 [illegible] 2016 *B* |
|---|---|---|
| [illegible] 1 [illegible] | **215,379,873** | 137,552,824 |
| 1 - 2 [illegible] | **29,274,942** | 10,835,771 |
| 2 - 3 [illegible] | **2,441,995** | 2,211,065 |
| [illegible] 3 [illegible] | **430,775** | 443,285 |
| | **247,527,585** | 151,042,945 |

A [illegible]

### *12.3.2 Accounts payable*

A [illegible] 31, 2017 [illegible] 2016, [illegible]:

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

### *12.3.3 Revenue and cost of sales*

| | For the year ended December 31, | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *B* |
| | **546,561,325** | 410,447,911 |
| | **119,874,203** | 4,961,058 |
| | **666,435,528** | 415,408,969 |
| | **354,933,687** | 270,663,677 |
| | **94,398,215** | 1,407,587 |
| | **449,331,902** | 272,071,264 |

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

| | For the year ended December 31, | |
|---|---|---|
| | ***RMB*** | *B* |
| | **Revenue from main businesses** | |
| | **130,681,392** | 107,405,332 |
| | **389,493,815** | 235,838,816 |
| | **26,386,118** | 11,689,539 |
| | **546,561,325** | 354,933,687 |

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

### *12.3.5 Income tax expenses*

| | For the year ended December 31, | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *B* |
| [illegible] | **30,123,517** | 32,874,281 |
| [illegible] | **(8,096,600)** | (6,286,776) |
| | **22,026,917** | 26,587,505 |

[illegible]:

| | For the year ended December 31, | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *B* |
| [illegible] | **69,862,675** | 92,138,499 |
| [illegible] 25% | **17,465,669** | 23,034,625 |
| [illegible] | **3,741,704** | 2,394,514 |
| A[illegible] | **579,395** | (320,322) |
| [illegible] | **(42,417)** | - |
| [illegible] | **415,248** | 1,478,688 |
| [illegible] | **207,837** | - |
| [illegible] | **(340,519)** | - |
| [illegible] | **22,026,917** | 26,587,505 |

***12.3.6 Dividends***

23, 2018, B B10,956,000 31, 2017, 73,040,000 31, 2017. A .

24, 2017, B B18,260,000 31, 2016. 2016 14, 2017 14, 2017.

# 13 DEFINITIONS

A —
2017 [illegible] 13, 2018

A [illegible] —
[illegible] B [illegible]

B [illegible] —
B [illegible] (北京怡寧醫院有限公司), [illegible] A [illegible] 17, 2015 [illegible] 32.67% [illegible]

B [illegible] — B [illegible] —
[illegible]

[illegible] —
[illegible] (蒼南康寧醫院有限公司), [illegible] 15, 2012, [illegible]

[illegible] —
[illegible] (成都怡寧醫院有限公司 [illegible] 成都仁一醫院有限公司), [illegible] 29, 2010 [illegible] 41.67% [illegible]

[illegible] —
[illegible] (成都怡寧醫院有限公司)

[illegible] —
[illegible] (重慶合川康寧醫院有限公司), [illegible] 5, 2015 [illegible] 40% [illegible]

[illegible] —
[illegible] (淳安黃鋒康恩醫院)

[illegible] —
[illegible] B [illegible] ( [illegible] : 2120)

| | |
|---|---|
| | A 14 |
| | |
| ( ) | ( ) |
| ( ) | ( ) B1.00 B |
| | A B |
| | (溫州怡寧老年醫院有限公司), |
| | |
| ( ) | ( ) B1.00 B |
| A | A (杭州安肯醫療科技有限公司 杭州宏瀾信息科技有限公司), 20, 2015 25.94% |
| | (杭州慈寧醫院有限公司), 18, 2017, |
| | (杭州怡寧醫院有限公司), A 25, 2016, |

$–

A

(廊坊市怡寧醫院管理有限公司), 2, 2015,

(臨海康寧醫院有限公司), 2, 2015,

(台州市路橋怡寧醫院有限公司), 12, 2016,

A

A 10

(南昌康寧醫院有限公司), A 7, 2016,

(平陽縣長庚醫院有限責任公司精神科)

B

(深圳怡寧醫院

深圳市怡寧醫院有限公司),

22, 2014,

(四會康寧醫院有限公
司),

A 19, 2016, .353 0 0

(燕郊輔仁中西醫結合醫院) 26, 2015

(樂清康寧醫院有限公司), 3, 2013,

(永嘉康寧醫院有限公司), 12, 2012,

**Wenzhou Kangning Hospital Co., Ltd.**
**GUAN Weili**

26, 2018