康宁

Wenzhou Kangning Hospital Co., Ltd.

溫州康寧醫院股份有限公司

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

(**Stock Code: 2120**)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

1 INTRODUCTION

1.1 The b a d f di ec (he **Board**) f We h Ka g i g H ial C ., L d. (he **Company**) i lea ed a ce he c lida ed a al e l f he C a a d i b idia ie (c llec i el , he **Group**, **we** **our**) f he fi a cial ea e ded Dece be 31, 2015 (he **Reporting Period**) i h c a a i e fig e f he ecedi g fi a cial ea e ded Dece be 31, 2014.

1.2 The fi a cial a e e f he G f he Re i g Pe i d (he **Financial Statements**) a e e a ed i acc da ce i h he I e a i al Fi a cial Re i g S a da d (he **IFRSs**).

2 FINANCIAL HIGHLIGHTS

2.1 Principal Financial Data and Indicators

	For the year ended December 31,			
	2015	2014	2013	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Re e e	**343,674**	296,296	226,363	170,813
P fi bef e i c e a	**70,170**	68,567	47,576	17,964
I c e a e e e	**(18,548)**	(17,369)	(11,383)	(4,733)
T al c ehe i e i c e	**51,622**	51,198	36,193	13,231
A ib able :				
E i h lde f he C a	**55,709**	51,198	36,193	13,231
N -c lli g i e e	**(4,087)**			

	As of December 31,			
	2015	2014	2013	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
T al a e	**1,224,434**	372,339	305,679	226,667
T al liabili	**262,205**	111,249	96,818	202,601
T al e i	**962,229**	261,090	208,861	24,066
E i a ib able :				
Q e f he C a	**959,716**	261,090	208,861	24,066
N -c lli g i e e	**2,513**			

3 BUSINESS REVIEW AND OUTLOOK

3.1 Business Review

I 2015, he G , c i , l e ha ced he e a i al ca abili ie f i h i al e k, facili a ed e ce ha i g a g i e be h i al a d i ed e a i al efficie c ia ce e - a elli e del. I 2015, he fi e h i al ed b he G e j ed g i g be f bed i e a i hich i c ea ed f 1,760 bed i 2014 2,010 i 2015, a d high ili a i a e f bed hich ge e a ed able e e e f he G .

While c lida i g h i al b i e e al ade a egic la i ke egi ac he c a d e e ed a ke i he egi h gh he a e-ligh e e a age e del. I 2015, he G a ed de aki g e e a age e f Ya jia F e H i al f T adi i al Chi e e a d We e Medici e* (燕郊輔仁中西醫結合醫院, **Yanjiao Furen Hospital**), he chia ic heal hca e de a e f Che gd Re i H i al C a Li i ed* (成都仁一醫院有限公司, a i de e de hi d a e abli hed i he Pe le' Re blic f Chi a (he **PRC** **China**) J e 29, 2010 a d i a e a cha ged f Che gd Jih g H i al C a Li i ed* (成都濟宏醫院有限公司) he c e e J l 28, 2015) a d Beiji g Yi i g H i al C ., L d. (北京怡寧醫院有限公司, **Beijing Yining Hospital**), i c ea i g he bed f he edical facili ie de i a age e f 150 i 2014 370 i 2015 a d la i g a lid f da i f f he c ide e a i .

The G ha al a belie ed ha ale a e he G ' c e c e i i e e a d he G i c ea ed i e e i cie ific e ea ch a d ale f e i g. I 2015, he G ' eciali ed e ea ch ea h e e be e e i c ea ed 12, bli hed 25 a e f diffe e e , 5 f hich e e i c a ed i he Scie ce Ci a i Da aba e, a d la ded a jec f ded b he Na i al Na al Scie ce F da i f he fi i e. A d i e b he e ha ce e f cie ific e ea ch, he be f he G ' d c i c ea ed f 150 a he begi i g f 2015 181 a he e d f 2015, h ca i g a i i ial effec f ale acc la i .

3.2 Business Highlights

O Ja a 22, 2016, he C a e e ed i (i) a f a e k ag ee e i h We h Medical U i e i * (溫州醫科大學) i ela i he ed e abli h e a d e a i f he P chia Sch l f We h Medical U i e i * (溫州醫科大學精神醫學學院); a d (ii) a e a d f de a di g i h We h Medical U i e i A e Ma age e C a Li i ed* (溫州醫科大學資產經營有限公司) a d We h G da I f a i Tech l g C a Li i ed* (溫州國大信息科技有限公司) i ela i he ed ac i i i f 51% f he e i i e e i We h G da I e e C a * (溫州國大投資有限公

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司) b he C a f We h Medical U i e i A e Ma age e C a Li i ed h gh blic biddi g, bjec he e ei gi f ele a f al ag ee e ( ). F de ail , lea e efe he C a ' a ce e da ed Ja a 22, 2016. The P chia Sch l f We h Medical U i e i wa e abli hed Ma ch 20, 2016. A f he da e f hi a ce e , he C a ha ac ied a e i i ee i We h G da I e e C a .

O Ja a 28, 2016, he C a e e ed i a f a e w k ag ee e w i h M . HUANG Fe g a d M . HUANG Che (c llec i el , he **Vendors**) i ela i (i) he ed e abli h e f a a ge c a (he **Target Company**) b he Ve d ; (ii) he ed i i f a age e a d c l a c e ice b he Ta ge C a P jia g H a gfe g P chia S ecial H i al* (浦江黃鋒精神專科醫院) a d Ch 'a H a gfe g Ka g'e H i al* (淳安黃鋒康恩醫院); a d (iii) he ed ac i i i f 26% e i i ee a d b e e ca i al i cea e i he Ta ge C a b he C a (he **Proposed Transaction**). U he c le i f he P ed T a ac i , i i e ec ed ha he C a w ill h ld 51% e i i ee i he Ta ge C a . F de ail , lea e efe he C a ' a ce e da ed Ja a 28, 2016. The Ta ge C a w a e abli hed Feb a 5, 2016. A f he da e f hi a ce e , he C a ha e e ed i a ag ee e i ela i he P ed T a ac i .

O Feb a 22, 2016, he C a e e ed i a a e hi ag ee e w i h Sha ghai Ji Jia f E i I e e Ma age e C ., L d. (上海金浦健服股權投資管理有限公司, **Jinpu Jianfu**), Sha ghai Yi che g A e Ma age e Ce e L.P. (上海銀騁資產管理中心（有限合夥）), Ch g i g I d G ida ce a d E i I e e F d C ., L d. (重慶產業引導股權投資基金有限責任公司), Shi a Medical I e C ., L d. (山東新華醫療器械股份有限公司), Jia g Shaga g G C ., L d. (江蘇沙鋼集團有限公司) a d USUM I e e G C ., L d. (渝商投資集團股份有限公司) i ela i (i) he e abli h e f Ch g i g Ji Heal hca e Se ice I d ial E i I e e F d L.P.* (重慶金浦醫療健康服務產業股權投資基金合夥企業（有限合夥）, (he **Investment Fund**); a d (ii) he C a ' c ib i f RMB50.0 illi f he b c i i he I e e F d. O he a e da e, he C a a d Ji Jia f , he a agi g a e f he I e e F d, e e ed i a a egic c e a i ag ee e i ela i , a g he , ce ai igh f he C a a a li i ed a e f he I e e F d. F de ail , lea e efe he C a ' a ce e da ed Feb a 23, 2016. The I e e F d wa e abli hed i he PRC Ma ch 22, 2016. A f he da e f hi a ce e , ch c ib i ha bee ade a d he C a e ec ake ch c ib i i 2016.

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3.3 Business Outlook

L ki g i he f e, he C a w ill f ll le e age he fa able g e e licie i Chi a w hich e c age he blic e abli h edical facili ie a d a a d e a d heal hca e facili e w k h gh e i g e w ed h i al i 2016. I i e ec ed ha Li hai Ka g i g H i al C ., L d.* (臨海康寧醫院有限公司) (**Linhai Kangning Hospital**) a d We h Yi i g Ge ia ic H i al C ., L d.* (溫州怡寧老年醫院有限公司) (**Wenzhou Yining Geriatric Hospital** , a w h ll - w ed b idia f he C a w hich w a efe ed a he L ia Medical A ea i he ec f he C a da ed N e be 10, 2015 (he **Prospectus**) a d w h e i ci al b i e i ide edical e ice f he ge ia ic, i cl di g ge ia ic chia ic ch l gical ea e), w ill c e ce e a i i he fi half f 2016. A he a e i e w e w ill al eed he e a a i f he e i g f Pi g a g Ka g i g H i al* (平陽康寧醫院), Q h Yi i g H i al* (衢州怡寧醫院) a d She he Yi i g H i al* (深圳怡寧醫院), ai i g f he c e ce e a i i he ec d half f 2016.

Mea w hile w e ha e la ched he E e e ial P g a f 100 Pe le (百人創業計劃), a d w ill c e w i h e w w a f a ac i g ale a d i eg a i g e ce a d f he e a d he heal hca e facili ie e w k f he G h gh a i cha el i 2016. I addi i , he C a w ill c i e adhe e belie i g ha ale a e he c e c e i i e e , c e a e w i h We h Medical U i e i i e a i g he P chia Sch l f We h Medical U i e i e ha ce i ca abili ie i cie ific e ea ch a d ale f e i g, h ec i g a l f ale f he l g- e de el e f he G .

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review

4.1.1 Revenue

The G ge e a e e e e ai l h gh he f ll w i g w w a : (i) e e e f e a i g i w ed h i al , a d (ii) a age e fee f a agi g heal hca e facili ie .

* *For identification purposes only*

Revenue from operating the Group's owned hospitals

Re e e f e a i g he G ' w ed h i al c i f fee cha ged f he a ie i i a d he i a ie e ice a i a i h i al , i cl di g ea e a d ge e al heal hca e e ice , ha ace ical ale a d a cilla h i al e ice . The able bel w e f h a b eakd w f e e e f a d c f e a i g he G ' w ed h i al f he e i d i dica ed:

	For the year ended December 31, 2015	2014
	(RMB'000)	*(RMB'000)*
T ea e a d ge e al heal hca e e ice	**240,103**	206,790
Pha ace ical ale	**87,740**	77,384
A cilla h i al e ice	**2,270**	1,828
T al e e e	**330,113**	286,002
C f e e e	**206,283**	178,766
G fi	**123,830**	107,236

Re e e f he G ' w ed h i al a ed RMB330.1 illi , e e e i g a ea - - ea i c ea e f 15.4%, acc i g f 96.1% f he al e e e f he G f he Re i g Pe i d, d e he i c ea e i he a al effec i e e ice ca aci f w ed h i al a d i a e age i a ie e di g e da e bed. Pa ie i i ecei ed b he fi e f he G ' w ed h i al hi a e w ec d w i h a ie i i f a i a el 129,355 (2014: a i a el 119,425) a d i a ie bed-da f 689,244 (2014: 615,242). A e age e di g e a ie i i i c ea ed RMB486 (2014: a i a el RMB482), a d al a e age i a ie e di g e da e bed i c ea ed RMB384 (2014: RMB369), a l d e highe ice f ce ai edical e ice cha ged b Ca g a Ka g i g H i al C ., L d. (蒼南康寧醫院有限公司) a d Y gjia Ka g i g H i al C ., L d. (永嘉康寧醫院有限公司) i ce Ma ch 1, 2015 a d Ja a 1, 2015, e ec i el .

Re e e f ea e a d ge e al heal hca e e ice acc ed f 72.7% f e e e f e a i g w ed h i al (2014: 72.3%), a d e e e f ha ace ical ale acc ed f 26.6% f e e e f e a i g w ed h i al (2014: 27.1%).

C f e e e f he w ed h i al f he G i a il c i ed f ha ace ical a d c able ed, e l ee be efi a d e e e , lea i g e e e , de eciai a d a i a i , ca ee e e e a d e i g fee .

C f e e e f w ed h i al i c ea ed RMB206.3 illi , e e e i g a ea- -ea i c ea e f 15.4%, w hich w a i li e w i h he i c ea e f e e e. G fi a gi he ef e a ed a 37.5% (2014: 37.5%).

Management service fee income

The G ' a age e e ice fee i c e i i a il de i ed f e de i g a age e e ice he heal hca e facili ie . The able bel w e f h he b eakd w f a age e e ice fee i c e a d c f he e i d i dica ed:

	For the year ended December 31,	
	2015	2014
	(RMB'000)	*(RMB'000)*
Re e e	**13,561**	10,294
C f e e e	**7,006**	2,547
G fi	**6,555**	7,747

Ma age e e ice fee i c e f he G a ed RMB13.6 illi , e e e i g a ea- -ea i c ea e f 31.7% a d acc i g f 3.9% f he al e e e f he G f 2015, d e he c ib i f he a age e fee i ela i he e w l -e ed Beiji g Yi i g H i al i 2015, w hich a ed RMB1.7 illi (2014: il).

C f he G f e de i g a age e e ice i a il i cl de be efi a d e e e f a age e aff a ig ed a d a i a i f e a i igh ac i ed f b ai i g a age e igh .

C f e e e f a age e e ice i c ea ed RMB7.0 illi , e e e i g a ea- -ea i c ea e f 175.1%, aci g he i c ea e f e e e, ai l beca e i A il 2015, w e c e ced a age e f Ya jia F e H i al. The G ac i ed 19 ea a d 9 h f e a i igh f hi h i al a d ec g i ed RMB93.1 illi f i a gible a e . RMB3.5 illi w a a i ed f ch e a i igh i 2015 a c f e e e f a age e e ice . Acc di gl , g fi a gi dec ea ed 48.3% (2014: 75.3%).

4.1.2 Gross Profit and Gross Profit Margin

T al g fi f he G a ed RMB130.4 illi , e e e i g a ea- -ea i c ea e f 13.4%. O e all g fi a gi dec ea ed 37.9% (2014: 38.8%), eflec i g he fac ha de i e f he abili i g fi a gi f ed h i al , he h ee heal hca e facili ie de a age e j c e ced e a i i he Re i g Pe i d a d a e e be a e hich had a ega i e i ac he g fi a gi f he a age e a d e ice b i e .

4.1.3 Other Income

O he i c e f he G c i f g e e g a a d i i f acc a able. I 2015, he i c e a ed RMB3.1 illi , e e e i g a ea- -ea i c ea e f 346.2%, i a il d e g e e g a a d b idie .

4.1.4 Selling Expenses

I 2015, he elli g e e e f he G a ed RMB2.0 illi , e e e i g a ea- -ea dec ea e f 5.8%, acc i g f 0.6% f he al e e e f hi ea (2014: 0.7%).

4.1.5 Administrative Expenses

Ad i i a i e e e e f he G i a il c i f be efi a d e e e f a age e a d ad i i a i e aff, e e e f he l -b il h i al i hei c e ce e f e a i , de ecia i , a i a i a d he .

I 2015, ad i i a i e e e e f he G a ed RMB62.5 illi (2014: RMB45.6 illi), e e e i g a ea- -ea i c ea e f 37.1%, i a il d e : (i) a i c ea e f RMB6.2 illi i e l ee be efi a d e e e a a e l f (1) he i c ea e i a age e , e ea ch a d ad i i a i e aff a d (2) e f a ce-ba ed b e di ib ed he e l ee f hei c ib i b i e g h; (ii) a i c ea e f RMB3.2 illi i he e al fee f We h Yi i g Ge ia ic H i al hich i e c e ce e a i ; a d (iii) a i c ea e f RMB5.2 illi i he e- ff li i g e e e ela ed i i ial blic ffe i g.

4.1.6 Finance Income

I 2015, fi a ce i c e i c ea ed RMB7.6 illi , e e e i g a ea - - ea i c ea e f 917.8%, i a il beca e he ceed f he i i ial blic ffe i g, w e e de i ed i H g K g d lla (**HK$**). Highe e cha ge a e f HK$ agai Re i bi (**RMB**) i c ea ed he eali ed e cha ge gai b RMB9.8 illi , which ff e he fi a ce e e e ela i g l g- e a able f RMB4.0 illi .

4.1.7 Share of Loss of Investments Accounted for Using the Equity Method

I 2015, ha e f l f i e e acc ed f i g he e i e h d a ed RMB6.3 illi (2014: il), which e e e 49% e i i e e i Beiji g Yi i g H i al, which c e ced i e a i i Se e be 2015 a d ec ded l af e a f RMB12.8 illi .

4.1.8 Income Tax Expense

I 2015, i c e a e e e i c ea ed RMB18.5 illi , e e e i g a ea - - ea i c ea e f 6.8%, i a il d e he highe fi bef e a f RMB70.2 illi (2014: RMB68.6 illi). O effec i e a a e i 2015 a d 2014, w e e 26.4% a d 25.3%, e ec i el .

4.1.9 Net Profit

I 2015, fi a ib able he ha eh lde f he C a (he **Shareholders**) a ed RMB55.7 illi , e e e i g a ea - - ea i c ea e f 8.8% a c a ed w i h 2014.

4.2 Financial Position

4.2.1 Inventory

A f Dece be 31, 2015, i e bala ce dec ea ed RMB7.5 illi (a f Dece be 31, 2014: RMB7.9 illi), i a il d e he dec ea e i ha ace ical i e .

4.2.2 *Trade Receivables*

A f Dece be 31, 2015, he bala ce f ade ecei able i c ea ed RMB123.1 illi (a f Dece be 31, 2014: RMB84.5 illi), i a il d e : (i) he i c ea e i e e e he a e e i d i li e i h he b i e g h f heal hca e facili ie ; a d (ii) he i c ea e i he a f ade ecei able a ib able edical i a ce g a . A i a el 79.5% f ade ecei able f he G e e ei he bill e e ed aged i hi i h .

4.2.3 *Other Receivables, Deposits and Prepayments*

A f Dece be 31, 2015, he ecei able , de i a d e a e i c ea ed RMB91.0 illi (a f Dece be 31, 2014: RMB41.2 illi), i a il d e : (i) he i c ea e f RMB25.8 illi i e a e f e al e e e ela i g We h Yi i g Ge ia ic H i al; (ii) he i c ea e f RMB13.0 illi ela i g he e a e f he cha e f a e f Pi g a g Ka g i g H i al C ., L d.* (平陽康寧醫院有限公司) (**Pingyang Kangning Hospital** , a h ll - ed b idia f he C a); a d (iii) a l a f RMB12.0 illi e l e e ded Che gd Re i H i al C a Li i ed b he C a .

4.2.4 *Trade Payables*

A f Dece be 31, 2015, ade a able dec ea ed RMB20.0 illi (a f Dece be 31, 2014: RMB23.8 illi), f hich a i a el 84.5% aged i hi 90 da .

4.2.5 *Accruals and Other Payables*

A f Dece be 31, 2015, acc al a d he a able i c ea ed RMB166.4 illi (a f Dece be 31, 2014: RMB60.0 illi), i a il d e RMB90.5 illi f l g- e a able f c ac al igh i ela i i i f a age e e ice hich e e he a al i i e f a ce a ge f Ya jia F e H i al a e f hi a age e ag ee e f ch h i al, agg ega ed e he d a i f ch a age e ag ee e . Plea e efe a ag a h 4.3.4 bel f e de ail .

4.2.6 *Net Current Assets*

A f Dece be 31, 2015, e c e a e f he G a ed RMB664.0 illi (a f Dece be 31, 2014: RMB86.2 illi), i a il d e a i c ea e i c e a e i he a f RMB590.7 illi hich a e he ca h fl f he i i ial blic ffe i g, ff e b a i c ea e i c e liabili ie i he a f RMB50.0 illi a a e l f d a i g d a l a f Chi a CITIC Ba k hich i d e i hi e ea .

* *For identification purposes only*

4.3 Liquidity and Capital Resources

The able belw e f h he i f a i a e ac ed f he c lida ed ca h flw a e e f he G , f he e i d i dica ed:

	Year ended December 31,	
	2015	2014
	RMB'000	*RMB'000*
Ne ca h (ed i)/f e a i g ac i i ie	**(5,063)**	33,328
Ne ca h ed i i e i g ac i i ie	**(382,367)**	(60,663)
Ne ca h f /(ed i) fi a ci g ac i i ie	**708,785**	(2,977)
Ne i c ea e/(dec ea e) i ca h a d ca h e i ale	**321,355**	(30,312)

4.3.1 Net Cash from Operating Activities

I 2015, e ca h flw f e a i g ac i i ie a ed RMB5.1 illi . We had e ca h ge e a ed f e a i g ac i i ie bef e cha ge i w ki g ca i al f RMB87.0 illi , i a il c i i g f fi bef e a f RMB70.2 illi a d adj e f de ecia i f e , la a d e i e f RMB17.3 illi . Cha ge i w ki g ca i al e l ed i ca h flw f RMB66.4 illi , i a il c i i g f a i c ea e f RMB58.2 illi i ade a d he ecei able a a e l f: (i) i c ea ed ea e l e a ib able he c i ed e a i a d cali g f heal hca e facili ie e w k; a d (ii) e a e f e al e e e ela i g We h Yi i g Ge ia ic H i al. We had f he ca h flw f RMB25.7 illi a ib able i c e a aid.

4.3.2 Net Cash Used in Investing Activities

I 2015, e ca h ed i i e i g ac i i ie a ed RMB382.4 illi , i a il d e : (i) cha e f e , la a d e i e f RMB113.6 illi , c i i g f (1) a aid a d e aid e a e a d g ade We h Ka g i g H i al a d (2) a aid e a e Beiji g Yi i g H i al, Li hai Ka g i g H i al a d We h Yi i g Ge ia ic H i al i hei e i g; a d (ii) a e de iwi h i i ial e e h ee h f RMB251.3 illi .

4.3.3 *Net Cash from Financing Activities*

I 2015, e ca h f fi a ci g ac i i ie a ed RMB708.8 illi , i a il d e : (i) e ceed f he i i ial blic ffe i g f RMB590.7 illi ; (ii) ceed f RMB78.4 illi f i a ce f ha e ca i al d e ca i al c ib i b i e i he i i ial blic ffe i g; a d (iii) a l a f RMB50.0 illi f Chi a CITIC Ba k.

4.3.4 *Significant Investment, Acquisition and Disposal*

The G e eed i a e e a age e ag ee e wi h Ya jia F e H i al i Ma ch 2015 a d a le e al ag ee e i A il 2015. The e f he e e a age e ag ee e i f A il 2015 Dece be 2034, e e dable if b h a ie ag ee h ee h i e i . D i g he e f he ag ee e , he G de ake ide a age e e ice Ya jia F e H i al a d ee a ede e i ed ched le f a al i i e f a ce a ge . The i i e f a ce a ge begi wi h RMB2.7 illi f he e i d f A il 1, 2015 Dece be 31, 2015, i c ea e RMB4.0 illi f he ea 2016, a d be e l i c ea e b a ede e i ed fi ed a e wi hi he a ge f 4% 10% il he ea f 2034, f which he i i e f a ce a ge i RMB14.1 illi . If Ya jia F e H i al fail ee ch a ge , he G i e i ed c ib e he h fall. O he he ha d, he G i e i led ecei e a i f fi (ba ed a acc f Ya jia F e H i al wi h ce ai adj e ag eed b w a ie f i he e e a age e ag ee e) e ceedi g he e f a ce a ge a i a age e i c e f Ya jia F e H i al. A a e l, he G i effec i el bliga ed a Ya jia F e H i al a ede e i ed a e he e f he ag ee e i e cha ge f he c ac al igh ide a age e e ice he h i al e he a e e i d. The G ec g i e ch c ac al igh a age Ya jia F e H i al a d ecei e a age e e ice fee a i a gible a e f RMB93.1 illi he bala ce hee , ea ed i i iall a he a calc la ed b di c i g he f e a al i i e f a ce a ge i g he e aili g a ke i e e a e.

Sa e a di cl ed ab e, he G had ig ifica i e e , ac i i i di al i 2015.

O Feb a 22, 2016, he C a e ed i a ag ee e c ib e RMB50.0 illi he I e e F d hich hall i e i heal hca e a d he de e ice i d ie . I i ci le, he I e e F d' i e e i he heal hca e e ice i d hall be le ha 80% f i al a a ailable f i e e . F de ail , lea e efe he a ce e f he C a da ed Feb a 23, 2016. A f he da e f hi a ce e , ch c ib i ha bee ade a d he C a e ec ake ch c ib i i 2016.

4.3.5 *Capital Expenditure*

Ca i al e e di e f he G i ail c i ed f e e di e : (i) e , la a d e i e , c i i g b ildi g a d c c i , lea eh ld i e e , edical e i e , f i e a d ffice e i e a d ehicle ; (ii) la d e igh ; a d (iii) i a gible a e . Ca i al e e di e f he G i 2015 a RMB193.4 illi , e e e i g a i c ea e f 163.1% f 2014, i a il d e he ac i i i f he e a i igh f Ya jia F e H i al f 19 ea a d 9 h a a c ide a i f RMB93.1 illi .

4.3.6 *Use of Proceeds from Initial Public Offering*

The B a d cl el i ed he e f ceed f he i i ial blic ffe i g i h efe e ce h e a di cl ed i he P ec a d c fi ed ha he e a a e ial cha ge i he ed e a e i l di cl ed i he P ec . A f Dece be 31, 2015, he G a lied he ceed f he f ll i g:

- RMB20.0 illi f he dec a i e e e f We h Yi i g Ge ia ic H i al; a d

- RMB20.0 illi f c ib i he egi e ed ca i al f a d i i f a l a Pi g a g Ka g i g H i al, f hich RMB13.0 illi a ed f he cha e f e ie .

4.4 Indebtedness

4.4.1 *Bank Borrowings*

A f Dece be 31, 2015, he bala ce f ba k b i g f he G a ed RMB50.0 illi (a f Dece be 31, 2014: il), all d e i hi e ea .

4.4.2 *Contingent Liabilities*

A f Dece be 31, 2015, he G had c i ge liabili ie g a a ee ha ld ha e a a e ial i ac he fi a cial i i e a i f he G .

4.4.3 *Asset Pledge*

A f Dece be 31, 2015, e f he G ' a e had bee ledged.

4.4.4 *Contractual Obligations*

The c ac al bliga i f he G i a il c i f e a i g lea e a a ge e . A f Dece be 31, 2015, he f e agg ega e i i lea e a e de -ca cellable lea e ag ee e e e RMB209.0 illi .

4.4.5 *Financial Instruments*

Fi a cial i e f he G c i f ade ecei able , a d e f ela ed a ie , he ecei able , e de i , ca h a d ca h e i ale , ba k b i g , ade a d he a able . The a age e a age a d i he e e e e e a ia e ea e a e i le e ed a i el a d effec i e a e .

4.4.6 *Exposure to Fluctuation in Exchange Rates*

The G , de i ce ai f i fi a cial a e i f eig c e c , a d i ai l e ed he fl c a i i e cha ge a e f H g K g d lla agai RMB. The G he ef e i e ed f eig e cha ge i k.

The G ha ed a de i a i e fi a cial i e hedge agai i e e c e c i k. The a age e a age he c e c i k b cl el i i g he e e f he f eig c e c a e a d w ill c ide hedgi g ig ifica f eig c e c e e h ld ch eed a i e.

4.4.7 *Gearing Ratio*

A f Dece be 31, 2015, he G ' gea i g a i (al i e e -bea i g liabili ie di ided b al a e) w a 11.8% (2014: il).

5 SIGNIFICANT EVENTS

5.1 Issue of H Shares and Listing

The C a ' H ha e (he **H Shares**) w e e li ed The S ck E cha ge f H g K g Li i ed (he **Stock Exchange**) N e be 20, 2015 (he **Listing Date**). A f Dece be 31, 2015, he C a ' e ceed f he i i ial blic ffe i g a ed a i a el HK$693.2 illi (e i ale a i a el RMB580.7 illi) af e ded c i g de w i i g c i i a d all ela ed e e e . A f he da e f hi a ce e , he C a d e a ici a e a cha ge i la he e f ceed a a ed i he P ec .

5.2 Dividend

The fi al di ide d di ib i la f he ea e ded Dece be 31, 2015 (he **Proposed Final Dividend**) w a a ed a he i h ee i g f he Fi Se i f he B a d. S bjec he a al f he P ed Fi al Di ide d b he Sha eh lde a he a al ge e al ee i g f he C a f he ea 2015 (he **AGM**) be held J e 14, 2016, he P ed Fi al Di ide d w ill be di ib ed ab J l 14, 2016 he Sha eh lde w h e a e a ea he egi e f e be f he C a J e 24, 2016 (he **Record Date**).

The egi e f e be f he C a w ill be cl ed f Ma 15, 2016 J e 14, 2016, b h da i cl i e, d i g w hich e i d a fe f he Sha e w ill be effec ed. I de de e i e he ide i f he Sha eh lde wh a e e i led a e d a d e a he AGM, all ha e a fe d c e acc a ied b he ele a ha e ce ifica e be l dged w i h he C a ' H Sha e Regi a , C e ha e H g K g I e Se ice L d. (**Computershare**) a Sh 1712-1716, 17 h Fl , H e w ell Ce e, 183 Q ee ' R ad Ea , Wa chai, H g K g la e ha 4:30 . . Ma 13, 2016.

The a f fi al di ide d di ib i hall be calc la ed ba ed he al be f ha e f he C a (he **Shares**) i i e a f Dece be 31, 2015 a d he fi al ca h di ide d di ib i hall be ba ed RMB0.25 e Sha e (i cl i e f a licable a). I de alif f he P ed Fi al Di ide d, he h lde f H Sha e l dge all ha e ce ifica e acc a ied b he a fe d c e w i h C e ha e (add e : Sh 1712-1716, 17/F, H e w ell Ce e, 183 Q ee ' R ad Ea , Wa Chai, H g K g) bef e 4:30 . . J e 17, 2016. F he e f a ce ai i g Sha eh lde w h alif f he P ed Fi al Di ide d, he egi e f e be f H Sha e w ill be cl ed f J e 19, 2016 J e 24, 2016 (b h da i cl i e).

The P ed Fi al Di ide d w ill be de i a ed a d decla ed i RMB. The h lde f d e ic Sha e w ill be aid i RMB a d he h lde f H Sha e w ill be aid i H g K g d lla . The e cha ge a e f he P ed Fi al Di ide d be aid i H g K g d lla w ill be he ea f he e cha ge a e f H g K g d lla RMB a a ced b he Pe le' Ba k f Chi a d i g he fi e b i e da i he da e f decla a i f he P ed Fi al Di ide d.

I acc da ce w i h he E e i e I c e Ta La w f he Pe le' Re blic f Chi a (中華人民共和國企業所得稅法) a d i i le e a i eg la i w hich ca e i effec Ja a 1, 2008, he C a i e i ed w i hh ld a d a e e i e i c e a a he a e f 10% behalf f he - e ide e e i e Sha eh lde w h e a e a ea he egi e f e be f H Sha e w he di ib i g he ca h di ide d . A H Sha e egi e ed de he a e f a i di id al Sha eh lde , i cl di g HKSCC N i ee Li i ed, he i ee , age ee , he ga i a i g , hall be dee ed a Sha e held b - e ide e e i e Sha eh lde . The ef e, hi ba i , e e i e i c e a hall be w i hheld f di ide d a able ch Sha eh lde . If h lde f H Sha e i e d cha ge i Sha eh lde a , lea e e i e ab he ele a ced e w i h age ee . The C a w ill ic l c l w i h he la w he e i e e f he ele a g e e a h i a d w i hh ld a d a e e i e i c e a behalf f he ele a Sha eh lde ba ed he egi e f e be f H Sha e a f he Rec d Da e.

If he i di id al h lde f H Sha e a e H g K g Maca e ide e ide f he c ie w hich had a ag eed a a e f 10% f he ca h di ide d he w i h he PRC de he ele a a ag ee e , he C a h ld w i hh ld a d a i di id al i c e a behalf f he ele a Sha eh lde a a a e f 10%. Sh ld he i di id al h lde f H Sha e be e ide f he c ie w hich had a ag eed a a e f le ha 10% w i h he PRC de he ele a a ag ee e , he C a hall w i hh ld a d a i di id al i c e a behalf f he ele a Sha eh lde a a a e f 10%. I ha ca e, if he ele a i di id al h lde f H Sha e w i h eclai he e a a , w i hheld d e he a lica i f 10% a a e, he C a ca a l f he ele a ag eed efe e ial a ea e ided ha he ele a Sha eh lde b i he e ide ce e i ed b he ice f he a ag ee e C e ha e. The C a w ill a i w i h he a ef d af e he a al f he c e e a a h i . Sh ld he i di id al h lde f H Sha e be e ide f he c ie w hich had a ag eed a a e f e 10% b le ha 20% w i h he PRC de he a ag ee e , he C a hall w i hh ld a d a he i di id al i c e a a he ag eed ac al a e i acc da ce w i h he ele a a ag ee e . I he ca e ha he i di id al h lde f H Sha e a e e ide f he c ie w hich had a ag eed a a e f 20% w i h PRC, w hich ha e e ed i a a ag ee e w i h PRC, he w i e, he C a hall w i hh ld a d a he i di id al i c e a a a a e f 20%.

5.3 Purchase, Sale and Redemption of Listed Securities

D i g he e i d f he Li i g Da e Dece be 31, 2015, ei he he C a a f i b idia ie cha ed, ld edee ed a f he C a ' li ed ec i ie .

5.4 Review of Annual Results

The C a ' a di c i ee ha e ie w ed he G ' a al e l f he fi a cial ea e ded Dece be 31, 2015 a d ha i ed ha a licable acc i g a da d a d e i e e ha e bee c lied w i h a d ha ade a e di cl e ha e bee ade b he C a .

The C a ' a di c i ee c i f w i de e de -e ec i e di ec f he C a , M . HUANG Zhi (he chai a f he a di c i ee) a d M . WONG Ra d F k La , a d e -e ec i e di ec f he C a , M . HE Xi . A g he , M . HUANG Zhi ha he a ia e fe i al alifica i (a ce ified blic acc a acc edi ed b he Chi e e I i e f Ce ified P blic Acc a (中國註冊會計師協會)).

6 COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The C a c lied w i h all c de i i i he C a e G e a ce C de (he **Corporate Governance Code**) e i A e di 14 he R le G e i g he Li i g f Sec i ie The S ck E cha ge f H g K g Li i ed d i g he e i d f he Li i g Da e Dece be 31, 2015, a e f he de ia i f c de i i A.2.7 w hich w a i a il d e he h e i d f i e f he Li i g Da e Dece be 31, 2015. C de i i A.2.7 e i e ha he chai a h ld a lea a all h ld ee i g w i h he -e ec i e di ec (i cl di g i de e de -e ec i e di ec) w i h he e ec i e di ec e e . The C a ha c i ed aki g ece a a a ge e c l w i h all he c de i i . The C a w ill c i e e ie w a d e ha ce i c a e g e a ce e e ha i w ill c i e ee he e i e e f he C a e G e a ce C de.

7 FINANCIAL REPORT

7.1 Scope of work of PricewaterhouseCoopers

The fig e i hi a ce e f he G ' e l f he ea e ded Dece be 31, 2015 ha e bee ag eed b he C a ' e e al a di , P ice w a e h eC e (**PwC**), he a e i he G ' a di ed c lida ed fi a cial a e e f he ea e ded Dece be 31, 2015. The w k e f ed b P w C i hi e ec did c i e a a a ce e gage e i acc da ce w i h H g K g S a da d A di i g, H g K g S a da d Re ie w E gage e H g K g S a da d A a ce E gage e i ed b he H g K g I i e f Ce ified P blic Acc a a d c e e l , a a ce ha bee e e ed b P w C hi a ce e .

7.2 Accounting policies

C a ed he la a di ed fi a cial a e e f he G , he e a e ig ifica cha ge acc i g licie .

7.3 Financial Statements

7.3.1 Consolidated Statement of Comprehensive Income

	Year ended December 31,	
	2015	2014
	RMB'000	*RMB'000*
Re e , e	**343,674**	296,296
C f e e , e	**(213,289)**	(181,313)
Gross profit	**130,385**	114,983
O he i c e	**3,074**	689
O he l e	**(144)**	(151)
Selli g e e e	**(1,970)**	(2,092)
Ad i i a i e e e e	**(62,520)**	(45,611)
Operating profit	**68,825**	67,818
Fi a ce i c e	**11,625**	749
Fi a ce e e e	**(4,002)**	
Finance income – net	**7,623**	749
Sha e f l f i e e acc , ed f , i g he e , i e h d	**(6,278)**	
Profit before income tax	**70,170**	68,567
I c e a e e e	**(18,548)**	(17,369)
Net profit	**51,622**	51,198
O he c ehe i e i c e	**–**	
Total comprehensive income	**51,622**	51,198
A ib, able :		
E , i h lde f he C a	**55,709**	51,198
N -c lli g i e e	**(4,087)**	
Ea i g e ha e		
Ba ic a d dil, ed *(in RMB)*	**1.03**	1.02

7.3.2 *Consolidated Balance Sheets*

	As of December 31,	
	2015	2014
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
P e , la a d e i e	**233,200**	160,799
La d e igh	**20,738**	21,210
I a gible a e	**90,581**	1,229
I e e i a a cia e	**8,422**	
Defe ed i c e a a e	**10,071**	4,641
De i a d e a e	**48,324**	13,904
Total non-current assets	**411,336**	201,783
Current assets		
I e ie	**7,506**	7,911
T ade ecei able	**123,067**	84,532
O he ecei able , de i a d e a e	**42,690**	27,340
A d e f ela ed a ie	**20,044**	13,502
Te de i	**251,334**	
Ca h a d ca h e i ale	**368,457**	37,271
Total current assets	**813,098**	170,556
Total assets	**1,224,434**	372,339
EQUITY		
Equity attributable to owners of the Company		
Sha e ca i al	**73,040**	50,000
Ca i al e e e	**797,510**	159,153
S l e e e	**11,342**	5,708
Re ai ed ea i g	**77,824**	46,229
	959,716	261,090
N -c lli g i e e	**2,513**	
Total equity	**962,229**	261,090

	As of December 31,	
	2015	2014
	RMB'000	*RMB'000*
LIABILITIES		
Non-current liabilities		
Defe ed g e e g a	**14,284**	14,156
L g- e a able	**98,821**	12,688
Total non-current liabilities	**113,105**	26,844
Current liabilities		
T ade a able	**19,976**	23,829
Acc al a d he a able	**63,209**	47,340
C e i c e a liabili ie	**11,559**	13,236
Ba k b i g	**50,000**	
C e i f l g- e a able	**4,356**	
Total current liabilities	**149,100**	84,405
Total liabilities	**262,205**	111,249
Total equity and liabilities	**1,224,434**	372,339

7.4 Notes to the Financial Statements

7.4.1 General Information

The C a a e abli hed a a j i ck c e a i e e e i e de he a e f We h Ka g i g Me al C ale ce H i al (溫州市康寧精神康復醫院) i he PRC Feb a 7, 1996. The add e f he C a ' egi e ed ffice i a She gji R ad, H a gl g Re ide ial Di ic , We h , Zhejia g, he PRC.

O Oc be 15, 2014, he C a a c e ed i a j i ck li i ed c a a d e a ed a We h Ka g i g H i al C ., L d. (溫州康寧醫院股份有限公司).

The G i e gaged i e a i g chia ic h i al i he PRC.

The C a had i i a li i g he S ck E cha ge N e be 20, 2015.

The c lida ed fi a cial a e e a e e e ed i RMB a d ded he ea e h a d a , le he i e a ed.

7.4.2 *Basis of Preparation*

The c lida ed fi a cial a e e f he G , ha e bee e a ed i acc da ce i h he IFRS . The c lida ed fi a cial a e e ha e bee e a ed de he hi ical c c e i .

(a) New and amended standards adopted by the Group

The f ll i g a e d e a da d ha e bee ad ed b he G f he fi i e f he fi a cial ea begi i g af e Ja a 1, 2015:

A e d e IAS 19 c ib i f e l ee hi d a ie defi ed be efi la .

A e d e f a al i e e IFRS 2010-2012 C cle, IFRS 8, 'O e a i g eg e ', IAS 16, 'P e , la a d e i e ', IAS 38, 'I a gible a e ' a d IAS 24, 'Rela ed a di cl e '.

A e d e f a al i e e IFRS 2011-2013 C cle, IFRS 3, 'B i e c bi a i ', IFRS 13, 'Fai al e ea e e '.

A e d e IAS 27 'E i e h d i e a a e fi a cial a e e '.

The di ec f he C a ed ha he ad i f he e a d e i ed IFRS had a e ial i ac he G ' e a i g e l a d fi a cial i i .

(b) New Hong Kong Companies Ordinance (Cap. 622)

I addi i , he e i e e f Pa 9 Acc a d A di f he e H g K g C a ie O di a ce (Ca . 622) c e i effec d i g he fi a cial ea , a a e l , he e a e cha ge e e ai a d di cl e f ce ai i f a i i he c lida ed fi a cial a e e .

(c) New standards and interpretations not yet adopted

A be f e a da d a d a e d e a da d a d i e e a i a e effec i e f a al e i d begi i g af e Ja a 1, 2015 a d ha e bee a lied i e a i g he e c lida ed fi a cial a e e . N e f he e i e ec ed ha e a ig ifica effec he c lida ed fi a cial a e e f he g , e ce he f ll i g e bel :

IFRS 9, 'Fi a cial i e '

IFRS 15, 'Re e e f c ac i h c e '

IFRS 16, 'Lea e '

The e a e he IFRS IFRIC i e e a i ha a e e effec i e ha ld be e ec ed ha e a a e ial i ac he G .

7.4.3 Trade Receivables

	As of December 31,	
	2015	2014
	RMB'000	*RMB'000*
T ade ecei able	**130,738**	89,537
Le : i i f i ai e f ade ecei able	**(7,671)**	(5,005)
T ade ecei able e	**123,067**	84,532

The ca i g a f he G ' ade ecei able a e de i a ed i RMB, a d a i a e hei fai al e .

A f Dece be 31, 2014 a d 2015, he agi g a al i f he ade ecei able w a a f ll w :

	As of December 31,	
	2015	2014
	RMB'000	*RMB'000*
Agi g a al i ba ed he billi g da e:		
Bill e e ed	**9,580**	9,927
1-3 h	**74,718**	45,694
4-6 h	**19,635**	13,082
7-12 h	**19,937**	14,635
1-2 ea	**5,075**	4,574
2-3 ea	**1,426**	1,544
O e 3 ea	**367**	81
	130,738	89,537

Acc di g he G ' e f b i e , all bill a e a able e e ai .

A f Dece be 31, 2014 a d 2015, he G ' ade ecei able a d e b i ai ed w e e RMB73,442,000 a d RMB113,297,000, e ec i el . The e a e ai l ela ed he a be clai ed f l cal cial i a ce b ea a d i ila g e e de a e w hich a e e ible f he ei b e e f edical e e e f a ie w h a e c e ed b g e e edical i a ce che e .

The a age e c ide ha ba ed a a e hi h e a ca be ec e ed i ea able i e. The agi g a al i f he e ade ecei able w a a f ll w :

	As of December 31,	
	2015	2014
	RMB'000	*RMB'000*
Le ha 1 ea	**110,355**	71,136
1-2 ea	**2,800**	2,269
2-3 ea	**142**	3
O e 3 ea	**–**	34
	113,297	73,442

A f Dece be 31, 2014 a d 2015, ade ecei able f RMB6,168,000 a d RMB7,861,000 w e e i ai ed, e ec i el . The a f he i i w e e RMB5,005,000 a d RMB7,671,000 a f Dece be 31, 2014 a d 2015, e ec i el . The agi g f he e ade ecei able i a f ll w :

	As of December 31,	
	2015	2014
	RMB'000	*RMB'000*
Le ha 1 ea	**3,935**	2,275
1-2 ea	**2,275**	2,305
2-3 ea	**1,284**	1,541
O e 3 ea	**367**	47
	7,861	6,168

M e e f he G ' i i f i ai e f ade ecei able a e a f ll w :

	As of December 31,	
	2015	2014
	RMB'000	*RMB'000*
A Ja a 1,	**5,005**	3,699
P i i f ecei able	**4,907**	2,957
Recei able w i e ff a c llec ible	**(2,241)**	(1,304)
W i e-back ec e ed	**–**	(347)
A Dece be 31,	**7,671**	5,005

The i i f ecei able i ai e ha bee i cl ded i ad i i a i e e e e i he c lida ed a e e f c ehe i e i c e. A a e ge e all w i e ff w he he e i e ec a i f ec e i g addi i al ca h.

The a i e e c edi i k a f he ea -e d i he ca i g a f ade ecei able . The G d e h ld a c lla e al a ec i .

7.4.4 *Other Receivables, Deposits and Prepayments*

	As of December 31,	
	2015	2014
	RMB'000	*RMB'000*
O he ecei able [(a)]	**14,337**	1,408
De i [(b)]	**17,268**	16,823
A d e b a hi d a [(c)]	**12,304**	
P e a e f e al	**30,007**	16,686
P e a e f cha e f e [(d)]	**13,000**	
P e a e f c c i i g e	**2,594**	1,216
P e a e f g d a d e ice	**2,539**	1,511
P e a e f IPO e e e	**–**	3,477
O he	**43**	123
Le : i i f i ai e f he ecei able	**(1,078)**	
T al	**91,014**	41,244
C e	**42,690**	27,340
N -C e	**48,324**	13,904
T al	**91,014**	41,244

The ca i g a f he G ' he ecei able , de i a d e a e a e de i a ed i RMB a d a i a e hei fai al e .

(a) I cl ded i he ecei able a f Dece be 31, 2015 a a ad a ce a e a i g RMB9,210,000 Ya jia F e H i al. S ch ad a ce ill be e aid he G b Ya jia F e H i al he a d a i ca h fl all a ag eed b b h a ie .

(b) I cl ded i de i a f Dece be 31, 2014 a d 2015 a a de i f RMB12,688,000 he c ac f he e h i al c c i k a he g a a ee f f lfill e f bliga i f he G de he c c i c ac . The de i ill be e aid he G af e he c c i i c le ed a d all G ' bliga i ha bee di cha ged.

(c) The C a e e ed i a ag ee e i h Sich a H gji Pa ace ical C a Li i ed (**Sichuan Hongji** , a i de e de hi d a) i Ma ch 2015 a d la ed de el ce ai b i e i h Sich a H gji. The C a laced a de i f RMB12,000,000 Sich a H gji a f e ca i al c ib i . S b e e l , he ag ee e a ca celled a d a le e al ag ee e a e e ed i b Sich a H gji, Che gd Jih g H i al C a Li i ed (**Chengdu Jihong** , a h ll - ed b idia f Sich a H gji) a d he C a J e 29, 2015. P a he le e al ag ee e , he h ee a ie ag eed aba d he b i e la a d he de i h ld be e aid b Che gd Jih g he G i hi 12 h c e ci g f J e 29, 2015, bea i g a i e e a e f 5% e a . The a i g a a eed b he ha eh lde f Sich a H gji.

O J l 28, 2015, Che d Jih g cha ged i a e Che gd Re i H i al C a Li i ed.

(d) The C a e e ed i a ag ee e i h Pi g a g Mi ia S eciali ed F d C e a i e (**Pingyang Mintian** , a i de e de hi d a) i Oc be 2015 cha e a e f Pi g a g Mi ia . The al c ide a i f he e i RMB18,000,000. A f Dece be 31, 2015, RMB13,000,000 a aid Pi g a g Mi ia .

7.4.5 *Accruals and Other Payables*

	As of December 31,	
	2015	2014
	RMB'000	*RMB'000*
Acc ed e l ee be efi	**18,637**	17,939
Recei i ad a ce	**3,194**	3,416
Re al a able	**3,004**	3,362
G a a ee de i ecei ed f c c i c ac (a)	**12,688**	12,688
O he a able f e , la a d e i e	**20,831**	19,916
O he a e a able	**412**	641
Ad a ce ecei ed f a -c lli g ha eh lde (b)	**3,110**	1,500
L g-e a able f c ac al igh ide a age e e ice	**90,489**	
Acc ed li i g e e e	**11,606**	
O he	**2,415**	566
Total	**166,386**	60,028
C e	**63,209**	47,340
C e i f l g-e a able f c ac al igh ide a age e e ice	**4,356**	
N -c e	**98,821**	12,688
Total	**166,386**	60,028

The ca i g a f acc al a d he a able a e de i a ed i RMB. The ca i g a a i a e hei fai al e d e hei h -e a i ie .

(a) The a a ided b he c ac f he h i al c c i k he G . The a ill be aid he c ac af e i di cha ge all i bliga i de he c ac , i cl di g b li i ed f ll e le e f c c i ke age a d ala ie .

(b) I e e ed ad a ce ecei ed f a -c li g ha eh lde f e f he G ' b idia ie .

7.4.6 *Revenue*

	Year ended December 31,	
	2015	2014
	RMB'000	*RMB'000*
T ea e a d ge e al heal hca e e ice	**240,103**	206,790
Pha ace ical ale	**87,740**	77,384
A cilla h i al e ice	**2,270**	1,828
Ma age e e ice fee	**13,561**	10,294
	343,674	296,296

7.4.7 *Expenses by Nature*

	Year ended December 31,	
	2015	2014
	RMB'000	*RMB'000*
E l ee be efi e e e	**99,988**	82,750
Pha ace ical a d c able ed	**86,483**	75,419
De ecia i a d a i a i	**21,706**	15,067
O e a i g lea e e al e e e	**8,563**	10,055
O e a i g lea e e al e e e e aid f i eli e heal hca e facili ie	**7,388**	6,612
Ca ee e e e	**11,280**	8,404
U ili ie e e e	**5,820**	5,381
E a i a i a d e i g fee	**3,388**	3,900
P i i f i ai e f ade ecei able	**4,907**	2,610
P i i f i ai e f he ecei able	**1,078**	
T a elli g e e e	**2,481**	3,086
P i a d a ke i g	**1,970**	2,092
D a i cha i ie	**1,814**	1,834
C e a i aid a ie	**345**	1,147
Li i g e e e	**5,177**	
A di ' e e a i		
A di e ice	**1,532**	315
N -a di e ice	**–**	
O he	**13,859**	10,344
	277,779	229,016

7.4.8 *Income Tax Expense*

The i c e a e e e f he G f he ea e ded Dece be 31, 2014 a d 2015 i a al ed a f ll :

	Year ended December 31,	
	2015	2014
	RMB'000	*RMB'000*
C e i c e a :		
PRC c a e i c e a	**23,978**	19,054
Defe ed i c e a	**(5,430)**	(1,685)
	18,548	17,369

The a he G ' fi bef e i c e a diffe f he he e ical a ha ld a i e i g he a a e f he PRC, he i ci al lace f he G ' e a i , a f ll :

	Year ended December 31,	
	2015	2014
	RMB'000	*RMB'000*
P fi bef e i c e a	**70,170**	68,567
Calc la ed a he a a e f 25%	**17,543**	17,142
E e e a ded c ible	**2,507**	227
I c e bjec a	**(167)**	
O e - i i f i ea	**(1,335)**	
	18,548	17,369

PRC corporate income tax

The i c e a i i f he G i e ec f e a i i he PRC ha bee calc la ed a he a a e f 25% he e i a ed a e able fi f he ea , ba ed he e i i g legi la i , i e e a i a d ac ice i e ec he e f, le efe e ial a a e e e a licable.

7.4.9 *Earnings per Share*

Basic earnings per share

The calc la i f ba ic ea i g e ha e i ba ed fi a ib able di a e i ha eh lde f he C a f RMB51,198,000 a d RMB55,709,000 f he ea e ded Dece be 31, 2014 a d 2015, e ec i el , a d he eigh ed a e age be f di a ha e i i e a f he e d f each e i g e i d, calc la ed a f ll :

Weighted average number of ordinary shares

	Year ended December 31,	
	2015	2014
	No. of shares	*No. of shares*
O di a ha e i ed a begi i g f he e i d	**50,000,000**	50,000,000
Effec f i a ce f ha e	**4,253,370**	
Weigh ed a e age be f di a ha e a he e d f ea	**54,253,370**	50,000,000

The C a a c e ed i a j i ck li i ed c a Oc be 15, 2014. The calc la i f ea i g e Sha e f he ea e ded Dece be 31, 2014 i ba ed 50,000,000 di a Sha e i i e he c e i a if h e Sha e e e a di g f he begi i g f he ea . The calc la i f ea i g e Sha e f he ea e ded Dece be 31, 2015 i ba ed 54,253,370 di a Sha e .

Diluted earnings per Share

The C a did ha e a e ial dil i e Sha e h gh he ea . Acc di gl , dil ed ea i g e Sha e a e he a e a he ba ic ea i g e Sha e.

7.4.10 *Final Dividends*

O Ma 11, 2015, he B a d decla ed a fi al di ide d f RMB18,480,000 f he ea e ded Dece be 31, 2014. The ed di ide d a a ed b he Sha eh lde ' ee i g J e 1, 2015 a d he C a aid he di ide d J l 23, 2015.

O Ma ch 24, 2016, he B a d decla ed a fi al di ide d f RMB18,260,000 f he ea e ded Dece be 31, 2015, hich i calc la ed ba ed 73,040,000 i ed Sha e a f Dece be 31, 2015. The ed di ide d i eflec ed a a di ide d able i he c lida ed fi a cial a e e a f Dece be 31, 2015, a d ill be eflec ed a a a ia i f e ai ed ea i g f he ea e di g Dece be 31, 2016.

	Year ended December 31,	
	2015	2014
	RMB'000	*RMB'000*
P ed fi al di ide d f RMB0.25 (2014: RMB0.35) e di a Sha e	**18,260**	18,480

7.4.11 *Commitments*

Capital commitments

	As of December 31,	
	2015	2014
	RMB'000	*RMB'000*
C ac ed b ided f		
c c i b ildi g	**36,635**	86,130
lea eh ld i e e	**60,529**	1,784
e , la a d e i e	**10,935**	794
	108,099	88,708

Operating lease commitments

The G lea e ce ai ffice b ildi g a d h i al de -ca cellable e a i g lea e ag ee e .

The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As of December 31,	
	2015	2014
	RMB'000	*RMB'000*
N la e ha 1 ea	**28,593**	26,654
La e ha 1 ea a d la e ha 5 ea	**74,546**	80,867
La e ha 5 ea	**105,831**	129,116
	208,970	236,637

Investment in subsidiaries

	As of December 31,	
	2015	2014
	RMB'000	*RMB'000*
N la e ha 1 ea	**43,000**	8,600
La e ha 1 ea a d la e ha 5 ea	**15,600**	2,400
	58,600	11,000

7.4.12 Principal Subsidiaries

The f llwi i g i a li f he i ci al b idia ie f he C a a f Dece be 31, 2015:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Proportion of ordinary shares directly held by parent *(%)*	Proportion of ordinary shares held by the Group *(%)*	Proportion of ordinary shares held by non-controlling interests *(%)*
Ca g a Ka g i g H i al C ., L d. (蒼南康寧醫院有限公司)	The PRC, Li i ed liabili c a	P chia ic h i al i PRC	Paid-i ca i al f RMB1,000,000	100%	100%	
Qi g ia Ka g i g H i al C ., L d. (青田康寧醫院有限公司)	The PRC, Li i ed liabili c a	P chia ic h i al i PRC	Paid-i ca i al f RMB1,000,000	100%	100%	
Y gjia Ka g i g H i al C ., L d. (永嘉康寧醫院有限公司)	The PRC, Li i ed liabili c a	P chia ic h i al i PRC	Paid-i ca i al f RMB1,000,000	100%	100%	
Y e i g Ka g i g H i al C ., L d. (樂清康寧醫院有限公司)	The PRC, Li i ed liabili c a	P chia ic h i al i PRC	Paid-i ca i al f RMB1,000,000	100%	100%	
She he Yi i g H i al C ., L d. (深圳市怡寧醫院有限公司)	The PRC, Li i ed liabili c a	P chia ic h i al i PRC	Paid-i ca i al f RMB16,600,000		52%	48%
We h Ka g i g J dicial F e ic Ce e (溫州康寧司法鑒定所)	The PRC, S le ie hi e e ie	F e ic chia ic i de ifica i i PRC	Paid-i ca i al f RMB500,000	100%	100%	
Li hai Ka g i g H i al C ., L d. (臨海康寧醫院有限公司)	The PRC, Li i ed liabili c a	P chia ic h i al i PRC	Paid-i ca i al f RMB2,000,000	80%	80%	20%
We h Yi i g Ge ia ic H i al C ., L d. (溫州怡寧老年醫院有限公司) [(a)]	The PRC, Li i ed liabili c a	P chia ic h i al i PRC	Paid-i ca i al f RMB10,000,000	100%	100%	
Pi g a g Ka g i g H i al C ., L d. (平陽康寧醫院有限公司) [(b)]	The PRC, Li i ed liabili c a	P chia ic h i al i PRC	Paid-i ca i al f RMB6,000,000	100%	100%	
She he Yi i g Medical I e e C ., L d. (深圳怡寧醫療投資有限公司) [(c)]	The PRC, Li i ed liabili c a	I e e h ldi g i PRC	Nil	100%	100%	
Q h Yi i g H i al C ., L d. (衢州怡寧醫院有限公司) [(d)]	The PRC, Li i ed liabili c a	P chia ic h i al i PRC	Nil	60%	60%	40%
Ha g h H gla I f ai Tech l g C ., L d. (杭州宏瀾信息科技有限公司) [(e)]	The PRC, Li i ed liabili c a	O li e edical c li g i PRC	Nil	100%	100%	
La gfa g Yi i g H i al Ma age e C ., L d. (廊坊市怡寧醫院管理有限公司) [(f)]	The PRC, Li i ed liabili c a	H i al a age e c li g i PRC	Nil	100%	100%	

All he b idia ie a e e abli hed i he PRC a li i ed liabili c a ie e ce We h Ka g i g J dicial F e ic Ce e ⊠hich i a le ie hi e e i e.

(a) We h Yi i g Ge ia ic H i al C ., L d ⊠a e abli hed N e be 2, 2015 ⊠i h a egi e ed ca i al f RMB10,000,000. I aid-i ca i al ⊠a RMB10,000,000 a f Dece be 31, 2015.

(b) Pi g a g Ka g i g H i al C ., L d ⊠a e abli hed N e be 2, 2015 ⊠i h a egi e ed ca i al f RMB6,000,000. I aid-i ca i al ⊠a RMB6,000,000 a f Dece be 31, 2015.

(c) She he Yi i g Medical I e e C ., L d ⊠a e abli hed Se e be 23, 2015 ⊠i h a egi e ed ca i al f RMB10,000,000. I aid-i ca i al ⊠a il a f Dece be 31, 2015.

(d) Q h Yi i g H i al C ., L d ⊠a e abli hed N e be 20, 2015 ⊠i h a egi e ed ca i al f RMB30,000,000. I aid-i ca i al ⊠a il a f Dece be 31, 2015.

(e) Ha g h H gla I f a i Tech l g C ., L d ⊠a e abli hed N e be 20, 2015 ⊠i h a egi e ed ca i al f RMB5,000,000. I aid-i ca i al ⊠a il a f Dece be 31, 2015.

(f) La gfa g Yi i g H i al Ma age e C ., L d ⊠a e abli hed Dece be 2, 2015 ⊠i h a egi e ed ca i al f RMB10,000,000. I aid-i ca i al ⊠a il a f Dece be 31, 2015.

B de f he B a d
Wenzhou Kangning Hospital Co., Ltd.
GUAN Weili
Chairman

Zhejia g, he PRC
Ma ch 29, 2016

As of the date of this announcement, the Company's executive directors are Mr. GUAN Weili, Ms. WANG Lianyue and Ms. WANG Hongyue; the non-executive directors are Mr. YANG Yang and Ms. HE Xin; and the independent non-executive directors are Mr. CHONG Yat Keung, Mr. HUANG Zhi and Mr. WONG Raymond Fook Lam.