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康宁

[illegible]

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)

([illegible])

A ATE A O CE E FO E EA E DED DECE BE 31, 2015

1 ODCO

1.1 The b a d f di ec (he **Boa d**) f We h Ka g i g H i al C ., L d. (he **Company**) i lea ed a ce he c lida ed a al e l f he C m a a d i b idia ie (c llec i el , he **o p**, **we** **o**) f he fi a cial ea e ded Decembe 31, 2015 (he **epo tin P e iod**) h c m a a i e fig e f he eceding fi a cial ea e ded Decembe 31, 2014.

1.2 The fi a cial a eme f he G f he Re i g Pe i d (he **Finan ia tatements**) a e e a ed i acc da ce h he I e a i al Fi a cial Re i g S a da d (he **F s**).

2 FI A CIA

2.1 P incipa Financia Data and Indicato s

	Fo the yea ended Decembe 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 c me a	**70,170**	68,567	47,576	17,964
c me a e e e	**(18,548)**	(17,369)	(11,383)	(4,733)
T al c m ehe i e c me	**51,622**	51,198	36,193	13,231
A ib able :				
E i h lde f he C m a	**55,709**	51,198	36,193	13,231
N -c lli g e e	**(4,087)**			

	As of Decembe 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 :				
O e f he C m a	**959,716**	261,090	208,861	24,066
N -c lli g e e	**2,513**			

3 B E E A D O OO

3.1 Business Review

In 2015, he G c 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 am g i membe h i al a d im ed e a i al efficie c ia ce e - a elli e m del. In 2015, he fi e h i al ed b he G e j ed g g mbe f bed i e a i , hich i c ea ed f m 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 made a egic la i ke egi ac he c a d e e ed ma ke i he egi h gh he a e-ligh e me ma ageme m del. In 2015, he G a ed de aki g e me ma ageme 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, anjiao Fu en ospita), he chia ic heal hca e de a me f Che gd Re i H i al C m a Limi 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 P RC China) J e 29, 2010 a d i ame a cha ged f m Che gd Jih g H i al C m a Limi 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, Beijin inin ospita), i c ea i g he bed f he medical facili ie de i ma ageme f m 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 m e i i e e a d he G i c ea ed i e me i cie ific e ea ch a d ale f e i g. In 2015, he G ' eciali ed e ea ch eam, h e membe 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 ime. A di e b he e ha ceme f cie ific e ea ch, he mbe f he G ' d c i c ea ed f m 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 m la i .

3.2 Business i h i hts

On Ja a 22, 2016, he C m a e e ed i (i) a f ame k ag eeme i h We h Medical U i e i * (溫州醫科大學) i ela i he ed e abli hme 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 mem a d m f de a di g i h We h Medical U i e i A e Ma ageme C m a Limi ed* (溫州醫科大學資產經營有限公司) a d We h G da I f ma i Tech l g C m a Limi ed* (溫州國大信息科技有限公司) i ela i he ed ac i i i i f 51% f he e i i e e i We h G da I e me C m a * (溫州國大投資有限公

* *For identification purposes only*

司) b he C m a f m We h Medical U i e i A e Ma ageme C m a Limi ed h gh blic biddi g, bjec he e e i g i f ele a f mal ag eeme ( ). F de ail , lea e efe he C m a ' a cemе da ed Ja a 22, 2016. The P chia Sch l f We h Medical U i e i a e abli hed Ma ch 20, 2016. A f he da e f hi a cemе , he C m a ha ac i ed a e i i e e i We h G da I e me C m a .

O Ja a 28, 2016, he C m a e e ed i a f ame k ag eeme h M . HUANG Fe g a d M . HUANG Che (c llec i el , he **endo s**) i ela i (i) he ed e abli hme f a a ge c m a (he **a et Company**) b he Ve d ; (ii) he ed i i f ma ageme a d c l a c e ice b he Ta ge C m 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 e e a d b e e ca i al i c ea e i he Ta ge C m a b he C m a (he **P oposed ansa tion**). U he c m le i f he P ed T a ac i , i i e ec ed ha he C m a ll h ld 51% e i i e e i he Ta ge C m a . F de ail , lea e efe he C m a ' a cemе da ed Ja a 28, 2016. The Ta ge C m a a e abli hed Feb a 5, 2016. A f he da e f hi a cemе , he C m a ha e e ed i a ag eeme i ela i he P ed T a ac i .

O Feb a 22, 2016, he C m a e e ed i a a e hi ag eeme h Sha ghai Ji Jia f E i I e me Ma ageme C ., L d. (上海金浦健服股權投資管理有限公司, **inp ianf**), Sha ghai Yi che g A e Ma ageme Ce e L.P. (上海銀騁資産管理中心（有限合夥）), Ch g i g I d G ida ce a d E i I e me 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 me 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 me G C ., L d. (渝商投資集團股份有限公司) i ela i (i) he e abli hme f Ch g i g Ji Heal hca e Se ice I d ial E i I e me 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 **nvestment F nd**); a d (ii) he C m a ' c ib i f RMB50.0 milli f he b c i i he I e me F d. O he ame da e, he C m a a d Ji Jia f , he ma agi g a e f he I e me F d, e e ed i a a egic c e a i ag eeme i ela i , am g he , ce ai igh f he C m a a a limi ed a e f he I e me F d. F de ail , lea e efe he C m a ' a cemе da ed Feb a 23, 2016. The I e me F d a e abli hed i he PRC Ma ch 22, 2016. A f he da e f hi a cemе , ch c ib i ha bee made a d he C m a e ec make ch c ib i i 2016.

* *For identification purposes only*

3.3 Business Outlook

L ki g i he f e, he C m a ll f ll le e age he fa able g e me licie i Chi a hich e c age he blic e abli h medical facili ie a d am a d e a d heal hca e facili e k h gh e i g m e 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) (inhai an nin ospita) 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) (en ho inin e iat i ospita , a h ll - ed bidia f he C m a hich a efe ed a he L ia Medical A ea i he ec f he C m a da ed N embe 10, 2015 (he P ospe t s) a d h e i ci al b i e i ide medical e ice f he ge ia ic, i cl di g ge ia ic chia ic ch l gical ea me) ll c mme ce e a i i he fi half f 2016. A he ame ime, e ll 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), aimi g f hem c mme ce e a i i he ec d half f 2016.

Mea hile, e ha e la ched he E e e ial P g am f 100 Pe le (百人創業計劃), a d ll c me h e 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 k f he G h gh a i cha el i 2016. I addi i , he C m a ll c i e adhe e belie i g ha ale a e he c e c m e i i e , c e a e 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 m de el me f he G .

4 A A E E D C O A D A A

4.1 Financia Review

4.1.1 Revenue

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

* *For identification purposes only*

Revenue from operating the Group's owned hospitals

Re e e f m e a i g he G ' 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 me a d ge e al heal hca e e ice , ha mace ical ale a d a cilla h i al e ice . The able bel e f h a b eakd f e e e f m a d c f e a i g he G ' ed h i al f he e i d i dica ed:

	Fo the yea ended Decembe 31,	
	2015	2014
	(RMB'000)	*(RMB'000)*
T ea me a d ge e al heal hca e e ice	**240,103**	206,790
Pha mace 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 m he G ' ed h i al am ed RMB330.1 milli , 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 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 ' ed h i al hi a e ec d, h a ie i i f a ima el 129,355 (2014: a ima 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 ima 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 medical 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 m ea me a d ge e al heal hca e e ice acc ed f 72.7% f e e e f m e a i g ed h i al (2014: 72.3%), a d e e e f m ha mace ical ale acc ed f 26.6% f e e e f m e a i g ed h i al (2014: 27.1%).

C f e e e f he ed h i al f he G ima il c i ed f ha mace ical a d c mable ed, em l ee be efi a d e e e , lea i g e e e , de eciai a d am i ai , ca ee e e e a d e i g fee .

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

Management service fee income

The G ' ma ageme e ice fee c me i imail de i ed f m e de g ma ageme e ice he heal hca e facili ie . The able bel e f h he b eakd f ma ageme e ice fee c me a d c f he e i d dica ed:

	Fo the yea ended De embe 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 ageme e ice fee c me f he G am ed RMB13.6 milli , e e e g a ea - - ea c ea e f 31.7% a d acc g f 3.9% f he al e e e f he G f 2015, d e he c ib i f he ma ageme fee ela i he e -e ed Beiji g Yi g H i al 2015 hich am ed RMB1.7 milli (2014: il).

C f he G f e de g ma ageme e ice imail cl de be efi a d e e e f ma ageme aff a ig ed a d am i a i f e a i igh ac i ed f b a g ma ageme igh .

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

4.1.2 *Gross Profit and Gross Profit Margin*

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

4.1.3 *Other Income*

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

4.1.4 *Selling Expenses*

I? 2015, he elli? g e e? e f he G am ? ed RMB2.0 milli ? , 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*

Admi? i a i e e e? e f he G ima il c ? i f be? efi a? d e e? e f ma? ageme? a? d admi? i a i e aff, e e? e f he ? e? -b il h i al i hei c mme? ceme? f e a i ? , de eciai ? , am i a i ? a? d he .

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

4.1.6 Finance Income

In 2015, finance income increased RMB7.6 million, e e en ing a ea - n - ea inc ea e f 917.8%, imail beca e he ceed f m he ini ial blic ffe ing e de i ed in H n g K n g d lla ($). Highe e change a e f HK$ agai Ren min bi (B) inc ea ed he n eali ed e change gai b RMB9.8 million, hich ff e he finance e en e ela ing l n g- e m a able f RMB4.0 million.

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

In 2015, ha e f l f in e men acc n ed f ing he e i me h d am n ed RMB6.3 million (2014: nil), hich e e en 49% e i in e e in Beijing Ying H i al, hich c mmenced i e a i n in Se embe 2015 and ec ded l af e a f RMB12.8 million.

4.1.8 Income Tax Expense

In 2015, inc me a e en e inc ea ed RMB18.5 million, e e en ing a ea - n - ea inc ea e f 6.8%, imail d e he highe fi bef e a f RMB70.2 million (2014: RMB68.6 million). O effec i e a a e in 2015 and 2014 e e 26.4% and 25.3%, e ec i el .

4.1.9 Net Profit

In 2015, fi a ib able he ha eh lde f he C m an (he **ha eho de s**) am n ed RMB55.7 million, e e en ing a ea - n - ea inc ea e f 8.8% a c m a ed h 2014.

4.2 Finan ia P osition

4.2.1 Inventory

A f Decembe 31, 2015, in en balance dec ea ed RMB7.5 million (a f Decembe 31, 2014: RMB7.9 million), imail d e he dec ea e in ha mace ical in en .

4.2.2 Trade Receivables

A f Decembe 31, 2015, he bala ce f ade ecei able i c ea ed RMB123.1 milli (a f Decembe 31, 2014: RMB84.5 milli), imarily d e : (i) he i c ea e i e e e he ame e i d i li e h he b i e g h f heal hca e facili ie ; a d (ii) he i c ea e i he am f ade ecei able a ib able medical i a ce g am . A imately 79.5% f ade ecei able f he G e ei he bill e ed aged hi i m h .

4.2.3 Other Receivables, Deposits and Prepayments

A f Decembe 31, 2015, he ecei able , de i a d e a me i c ea ed RMB91.0 milli (a f Decembe 31, 2014: RMB41.2 milli), imarily d e : (i) he i c ea e f RMB25.8 milli i e a me 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 milli ela i g he e a me 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) (**P in yan an nin Hospita** , a h ll - ed b idia f he C m a); a d (iii) a l a f RMB12.0 milli e e ded Che gd Re i H i al C m a Limi ed b he C m a .

4.2.4 Trade Payables

A f Decembe 31, 2015, ade a able dec ea ed RMB20.0 milli (a f Decembe 31, 2014: RMB23.8 milli), f hich a imately 84.5% aged hi 90 da .

4.2.5 Accruals and Other Payables

A f Decembe 31, 2015, acc al a d he a able i c ea ed RMB166.4 milli (a f Decembe 31, 2014: RMB60.0 milli), imarily d e RMB90.5 milli f l g- e m a able f c ac al igh i ela i i i f ma ageme e ice , hich e e e he a al mi im m e f ma ce a ge f Ya jia F e H i al a e f h i ma ageme ag eeme f ch h i al, agg ega ed e he d a i f ch ma ageme ag eeme . Plea e efe a ag a h 4.3.4 bel f m e de ail .

4.2.6 Net Current Assets

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

* *For identification purposes only*

4.3 Liquidity and Capital Resources

The table below sets forth the items extracted from the consolidated cash flow statements of the Group for the periods indicated:

	Year ended December 31,	
	2015	2014
	RMB'000	*RMB'000*
Net cash (used in)/from operating activities	**(5,063)**	33,328
Net cash used in investing activities	**(382,367)**	(60,663)
Net cash from/(used in) financing activities	**708,785**	(2,977)
Net increase/(decrease) in cash and cash equivalents	**321,355**	(30,312)

4.3.1 *Net Cash from Operating Activities*

In 2015, net cash outflow from operating activities amounted to RMB5.1 million. We had net cash generated from operating activities before changes in working capital of RMB87.0 million, primarily consisting of profit before tax of RMB70.2 million and adjustments for depreciation of property, plant and equipment of RMB17.3 million. Changes in working capital resulted in cash outflow of RMB66.4 million, primarily consisting of an increase of RMB58.2 million in trade and other receivables as a result of: (i) increased treatment volume attributable to the continued expansion and scaling up of healthcare facilities in our network; and (ii) prepayments for rental expenses relating to Wenzhou Yining Geriatric Hospital. We had further cash outflow of RMB25.7 million attributable to income tax paid.

4.3.2 *Net Cash Used in Investing Activities*

In 2015, net cash used in investing activities amounted to RMB382.4 million, primarily due to: (i) purchase of property, plant and equipment of RMB113.6 million, consisting of (1) amount paid and prepaid to construct and upgrade Wenzhou Kangning Hospital and (2) amount paid to construct Beijing Yining Hospital, Linhai Kangning Hospital and Wenzhou Yining Geriatric Hospital prior to their opening; and (ii) a term deposit with initial term over three months of RMB251.3 million.

4.3.3 *Net Cash from Financing Activities*

I 2015, e ca h f m fi a ci g ac i i ie am ed RMB708.8 milli , imail d e : (i) e ceed f m he i i ial blic ffe i g f RMB590.7 milli ; (ii) ceed f RMB78.4 milli f m 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 milli f m Chi a CITIC Ba k.

4.3.4 *Significant Investment, Acquisition and Disposal*

The G e e ed i a e me ma ageme ag eeme h Ya jia F e H i al i Ma ch 2015 a d a leme al ag eeme i A il 2015. The e m f he e me ma ageme ag eeme i f m A il 2015 Decembe 2034, e e dable if b h a ie ag ee h ee m h i e i . D i g he e m f he ag eeme , he G de ake ide ma ageme e ice Ya jia F e H i al a d mee a ede e mi ed ched le f a al mi im m e f ma ce a ge . The mi im m e f ma ce a ge begi h RMB2.7 milli f he e i d f m A il 1, 2015 Decembe 31, 2015, i c ea e RMB4.0 milli f he ea 2016, a d b e e l i c ea e b a ede e mi ed fi ed a e hi he a ge f 4% 10% il he ea f 2034, f hich he mi im m e f ma ce a ge i RMB14.1 milli . If Ya jia F e H i al fail mee 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 h ce ai adj me ag eed b a ie f i he e me ma ageme ag eeme) e ceedi g he e f ma ce a ge a i ma ageme i c me f m 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 mi ed am e he e m f he ag eeme i e cha ge f he c ac al igh ide ma ageme e ice he h i al e he ame e i d. The G ec g i e ch c ac al igh ma age Ya jia F e H i al a d ecei e ma ageme e ice fee a i a gible a e f RMB93.1 milli he bala ce hee , mea ed i i iall a he am calc la ed b di c i g he f e a al mi im m e f ma ce a ge i g he e aili g make i e e a e.

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

On Feb a 22, 2016, he C m an e e ed in an ag eemen c n ib e RMB50.0 milli n he In e men F n d, which hall in e in heal hca e and he m de n e ice in d ie . In inci le, he In e men F n d' in e men in he heal hca e e ice in d hall be n le han 80% f i al am n a ailable f in e men . F de ail , lea e efe he ann n cemen f he C m an da ed Feb a 23, 2016. A f he da e f hi ann n cemen , ch c n ib i n ha n been made and he C m an e ec make ch c n ib i n in 2016.

4.3.5 *Capital Expenditure*

Ca i al e en di e f he G im a il c n i ed f e en di e n: (i) e , lan and e i men , c m i in g b ildin g and c n c i n, lea eh ld im emen , medical e i men , f n i e and ffice e i men and m ehicle ; (ii) lan d e igh ; and (iii) in an gible a e . Ca i al e en di e f he G in 2015 wa RMB193.4 milli n, e e en in g an in c ea e f 163.1% f m 2014, ima il d e he ac i i i n f he e a i n igh f Yan jia F en H i al f 19 ea and 9 m n h a a c n ide a i n f RMB93.1 milli n.

4.3.6 *Use of Proceeds from Initial Public Offering*

The B a d cl el m n i ed he e f ceed f m he in i ial blic ffe in g wi h efe en ce h e a di cl ed in he P ec and c n fi med ha he e wa n ma e ial chan ge in he ed e a e i l di cl ed in he P ec . A f Decembe 31, 2015, he G a lied he ceed f he f ll win g:

RMB20.0 milli n f he dec a i n e en e f Wen h Yin in g Ge ia ic H i al; and

RMB20.0 milli n f c n ib i n he egi e ed ca i al f and i i n f a l an Pin g an g Kan g in g H i al, f which RMB13.0 milli n wa ed f he cha e f e ie .

4.4 Indebtedness

4.4.1 *Bank Borrowings*

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

4.4.2 *Contingent Liabilities*

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

4.4.3 *Asset Pledge*

A f Decembe 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 ima il c i f e a i g lea e a a geme . A f Decembe 31, 2015, he f e agg ega e mi im m lea e a me de -ca cellable lea e ag eeme e RMB209.0 milli .

4.4.5 *Financial Instruments*

Fi a cial i me f he G c i f ade ecei able , am d e f m ela ed a ie , he ecei able , e m de i , ca h a d ca h e i ale , ba k b g , ade a d he a able . The ma ageme ma age a d m i he e e e e e a ia e mea e a e im leme ed a imel a d effec i e ma e .

4.4.6 *Exposure to Fluctuation in Exchange Rates*

The G de i ce an f i finan cial a e in f eign c en c , an d i main l e ed he fl c a i n in e chan ge a e f H n g K n g d lla again RMB. The G he ef e i e ed f eign e chan ge i k.

The G ha n ed an de i a i e finan cial in men hedge again i e e c en c i k. The man agemen man age he c en c i k b cl el m n i in g he m emen f he f eign c en c a e an d will c n ide hedgin g ign ifican f eign c en c e e h ld ch n eed a i e.

4.4.7 *Gearing Ratio*

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

5 IFICA E E

5.1 Issue of ha es and istin

The C m an ' H ha e (he ha es) we e li ed n The S ck E chan ge f H n g K n g Limi ed (he tock E han e) n N embe 20, 2015 (he istin Date). A f Decembe 31, 2015, he C m an ' n e ceed f m he in i ial blic ffe in g am n ed a ima el HK$693.2 milli n (e i alen a ima el RMB580.7 milli n) af e ded c in g n de wi in g c mmi i n an d all ela ed e en e . A f he da e f hi an n cemen , he C m an d e n an ici a e an chan ge i lan n he e f ceed a a ed in he P ec .

5.2 Dividend

The fin al di iden d di ib i n lan f he ea en ded Decembe 31, 2015 (he P oposed Fina Dividend) wa a ed a he n in h mee in g f he Fi Se i n f he B a d. S bjec he a al f he P ed Fin al Di iden d b he Sha eh lde a he an n al gen e al mee in g f he C m an f he ea 2015 (he A) be held n J n e 14, 2016, he P ed Fin al Di iden d will be di ib ed n ab J l 14, 2016 he Sha eh lde wh e n ame a ea n he egi e f membe f he C m an n J n e 24, 2016 (he Reco d Date).

The egi e f membe f he C m an will be cl ed f m Ma 15, 2016 J n e 14, 2016, b h da in cl i e, d in g which e i d n an fe f he Sha e will be effec ed. In de de e min e he iden 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 me acc m a ied b he ele a ha e ce ifica e m be l dged wi h he C m a ' H Sha e Regi a , C m e ha e H g K g I e Se ice L d. (**Compu e sha e**) a Sh 1712-1716, 17 h Fl , H e well Ce e, 183 Q ee ' R ad Ea , Wa chai, H g K g la e ha 4:30 .m. Ma 13, 2016.

The am f fi al di ide d di ib i hall be calc la ed ba ed he al mbe f ha e f he C m a (he **ha es**) i e a f Decembe 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 m l dge all ha e ce ifica e acc m a ied b he a fe d c me wi h C m e ha e (add e : Sh 1712-1716, 17/F, H e well Ce e, 183 Q ee ' R ad Ea , Wa Chai, H g K g) bef e 4:30 .m. J e 17, 2016. F he e f a ce ai i g Sha eh lde wh alif f he P ed Fi al Di ide d, he egi e f membe f H Sha e will be cl ed f m J e 19, 2016 J e 24, 2016 (b h da i cl i e).

The P ed Fi al Di ide d will be de mi a ed a d decla ed i RMB. The h lde f d me ic Sha e will be aid i RMB a d he h lde f H Sha e will 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 will be he mea f he e cha ge a e f H g K g d lla RMB 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 wi h he E e i e I c me 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 im leme a i eg la i which came i effec Ja a 1, 2008, he C m a i e i ed wi hh ld a d a e e i e i c me a a he a e f 10% behalf f he - e ide e e i e Sha eh lde wh e ame a ea he egi e f membe f H Sha e whe di ib i g he ca h di ide d . A H Sha e egi e ed de he ame f a i di id al Sha eh lde , i cl di g HKSCC N mi ee Limi ed, he mi ee , age ee , he ga i a i g , hall be deemed 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 me a hall be wi hheld f m 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 wi h age ee . The C m a will ic l c m l wi h he la w he e i eme f he ele a g e me a h i a d wi hh ld a d a e e i e i c me a behalf f he ele a Sha eh lde ba ed he egi e f membe f H Sha e a f he Rec d Da e.

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

5.3 P chase, a e and edemption of isted e ities

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

5.4 eview of Ann a es ts

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

The C m a ' a di c mmi ee c i f de e de -e ec i e di ec f he C m a , M . HUANG Zhi (he chai ma f he a di c mmi ee) a d M . WONG Ra m d F k Lam, a d e -e ec i e di ec f he C m a , M . HE Xi . Am g hem, 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 CO P A CE CO O A E O E A CE CODE

The C m a c m lied h all c de i i he C a e G e a ce C de (he **Co po ate ove nan e Code**) e 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 Limi ed d i g he e i d f m he Li i g Da e Decembe 31, 2015, a e f he de ia i f m c de i i A.2.7 hich a ima il d e he h e i d f ime f m he Li i g Da e Decembe 31, 2015. C de i i A.2.7 e i e ha he chai ma h ld a lea a all h ld mee i g h he -e ec i e di ec (i cl di g i de e de -e ec i e di ec) h he e ec i e di ec e e . The C m a ha c mmi ed maki g ece a a a geme c m l h all he c de i i . The C m a ll c i e e ie a d e ha ce i c a e g e a ce e e ha i ll c i e mee he e i eme f he C a e G e a ce C de.

7 F A C A O

7.1 ope of wo k of P i ewate howseCoope s

The fig e i hi a ceme f he G ' e l f he ea e ded Decembe 31, 2015 ha e bee ag eed b he C m a ' e e al a di , P ice a e h eC e (**P wC**), he am e i he G ' a di ed c lida ed fi a cial a eme f he ea e ded Decembe 31, 2015. The k e f med b P C i hi e ec did c i e a a a ce e gageme i acc da ce i h H g K g S a da d A di i g, H g K g S a da d Re ie E gageme H g K g S a da d A a ce E gageme 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 C hi a ceme .

7.2 A ountin po i ies

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

7.3 Financia tatements

7.3.1 Consolidated Statement of Comprehensive Income

	ea ended Decembe 31,	
	2015	2014
	RMB'000	*RMB'000*
Re e e	**343,674**	296,296
C f e e e	**(213,289)**	(181,313)
oss p ofit	**130,385**	114,983
O he i c me	**3,074**	689
O he l e	**(144)**	(151)
Selli g e e e	**(1,970)**	(2,092)
Admi i a i e e e e	**(62,520)**	(45,611)
Ope atin p ofit	**68,825**	67,818
Fi a ce i c me	**11,625**	749
Fi a ce e e e	**(4,002)**	
Finance income – net	**7,623**	749
Sha e f l f i e me acc ed f i g he e i me h d	**(6,278)**	
P ofit befo e income ta	**70,170**	68,567
I c me a e e e	**(18,548)**	(17,369)
et p ofit	**51,622**	51,198
O he c m ehe i e i c me	**–**	
ota comp ehensive income	**51,622**	51,198
A ib able :		
E i h lde f he C m 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		
Property, plant and equipment	**233,200**	160,799
Land use rights	**20,738**	21,210
Intangible assets	**90,581**	1,229
Investment in an associate	**8,422**	
Deferred income tax assets	**10,071**	4,641
Deposits and prepayments	**48,324**	13,904
Total non-current assets	**411,336**	201,783
Current assets		
Inventories	**7,506**	7,911
Trade receivables	**123,067**	84,532
Other receivables, deposits and prepayments	**42,690**	27,340
Amounts due from related parties	**20,044**	13,502
Term deposits	**251,334**	
Cash and cash equivalents	**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		
Share capital	**73,040**	50,000
Capital reserves	**797,510**	159,153
Surplus reserves	**11,342**	5,708
Retained earnings	**77,824**	46,229
	959,716	261,090
Non-controlling interests	**2,513**	
Total equity	**962,229**	261,090

	As of De embe 31, 2015	2014
	RMB'000	*RMB'000*
IABI E		
on- ent iabi ities		
Defe ed g e me g a	**14,284**	14,156
L g- e m a able	**98,821**	12,688
ota non- ent iabi ities	**113,105**	26,844
C ent iabi ities		
T ade a able	**19,976**	23,829
Acc al a d he a able	**63,209**	47,340
C e i c me a liabili ie	**11,559**	13,236
Ba k b g	**50,000**	
C e i f l g- e m a able	**4,356**	
ota ent iabi ities	**149,100**	84,405
ota iabi ities	**262,205**	111,249
ota e ity and iabi ities	**1,224,434**	372,339

7.4 otes to the Finan ia tatements

7.4.1 General Information

The C m a e abli hed a a j ck c e a i e e e i e de he ame 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 m 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 m a c e ed i a j ck limi ed c m a a d e amed 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 m a had i ima li i g he S ck E cha ge N embe 20, 2015.

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

7.4.2 *Basis of Preparation*

The c lida ed fi a cial a eme f he G ha e bee e a ed i acc da ce h he IFRS . The c lida ed fi a cial a eme 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 g ame dme a da d ha e bee ad ed b he G f he fi ime f he fi a cial ea begi i g af e Ja a 1, 2015:

Ame dme IAS 19 c ib i f m em l ee hi d a ie defi ed be efi la .

Ame dme f m a al im eme IFRS 2010-2012 C cle, IFRS 8, 'O e a i g egme ', IAS 16, 'P e , la a d e i me ', IAS 38, 'I a gible a e ' a d IAS 24, 'Rela ed a di cl e '.

Ame dme f m a al im eme IFRS 2011-2013 C cle, IFRS 3, 'B i e c mbi a i ', IFRS 13, 'Fai al e mea eme '.

Ame dme IAS 27 'E i me h d i e a a e fi a cial a eme '.

The di ec f he C m a ed ha he ad i f he e a d e i ed IFRS had ma e ial im 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 eme f Pa 9 Acc a d A di f he e H g K g C m a ie O di a ce (Ca . 622) c me i effec d i g he fi a cial ea , a a e l , he e a e cha ge e e a i a d di cl e f ce ai i f ma i i he c lida ed fi a cial a eme .

(c) New standards and interpretations not yet adopted

A mbe f e a da d a d ame dme 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 eme . N e f he e i e ec ed ha e a ig ifica effec he c lida ed fi a cial a eme f he g , e ce he f ll i g e bel

IFRS 9, 'Fi a cial i me '

IFRS 15, 'Re e e f m c ac h c me '

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 ma e ial im ac he G .

7.4.3 *Trade Receivables*

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

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

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

	As of Decembe 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 m h	**74,718**	45,694
4-6 m h	**19,635**	13,082
7-12 m 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 m f b i e , all bill a e a able e e ai .

A f Decembe 31, 2014 a d 2015, he G ' ade ecei able a d e b im ai ed e e RMB73,442,000 a d RMB113,297,000, e ec i el . The e a e mai l ela ed he am be claimed f m l cal cial i a ce b ea a d imila g e me de a me hich a e e ible f he eimb eme f medical e e e f a ie h a e c e ed b g e me medical i a ce cheme .

The ma ageme c ide ha ba ed a a me hi h e am ca be ec e ed i ea able ime. The agi g a al i f he e ade ecei able a a f ll :

	As of Decembe 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 Decembe 31, 2014 a d 2015, ade ecei able f RMB6,168,000 a d RMB7,861,000 e e im ai ed, e ec i el . The am f he i i e RMB5,005,000 a d RMB7,671,000 a f Decembe 31, 2014 a d 2015, e ec i el . The agi g f he e ade ecei able i a f ll :

	As of De embe 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 eme f he G ' i i f im ai me f ade ecei able a e a f ll :

	As of De embe 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 i e ff a c llec ible	**(2,241)**	(1,304)
W i e-back ec e ed	**–**	(347)
A Decembe 31,	**7,671**	5,005

The i i f ecei able im ai me ha bee i cl ded i admi i a i e e e e i he c lida ed a eme f c m ehe i e i c me. Am a e ge e all i e ff he he e i e ec a i f ec e i g addi i al ca h.

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

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

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

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

(c) The C m a e e ed ag eeme h Sich H gji Pa mace ical C m a Limi ed (**i·hvan Ion ji** , de de hi d a) Ma ch 2015 d la ed de el ce b e h Sich H gji. The C m a laced a de i f RMB12,000,000 Sich H gji a f e ca i al c ib i . S b e 1 , he ag eeme a ca celled d a leme al ag eeme a e e ed b Sich H gji, Che gd Jih g H i al C m a Limi ed (**Chen dv ihon** , a h ll - ed b idia f Sich a H gji) a d he C m a J e 29, 2015. P a he le me al ag ee me , he h ee a ie ag eed aba d he b e la a d he de i h ld be e aid b Che gd Jih g he G hi 12 m h c mme ci g f m J e 29, 2015, bea i g a i e e a e f 5% e a m. The am 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 ame Che gd Re i H i al C m a Limi ed.

(d) The C m a e e ed i a ag eeme h Pi g a g Mi ia S eciali ed F d C e a i e (**P in yan intian** , a i de e de hi d a) i Oc be 2015 cha e a e f m Pi g a g Mi ia . The al c ide a i f he e i RMB18,000,000. A f Decembe 31, 2015, RMB13,000,000 a aid Pi g a g Mi ia .

7.4.5 *Accruals and Other Payables*

	As of De embe 31,	
	2015	2014
	RMB'000	*RMB'000*
Acc ed em 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 m c c i c ac (a)	**12,688**	12,688
O he a able f e , la a d e i me	**20,831**	19,916
O he a e a able	**412**	641
Ad a ce ecei ed f m a -c lli g ha eh lde (b)	**3,110**	1,500
L g- e m a able f c ac al igh ide ma ageme e ice	**90,489**	
Acc ed li i g e e e	**11,606**	
O he	**2,415**	566
ota	**166,386**	60,028
C e	**63,209**	47,340
C e i f l g- e m a able f c ac al igh ide ma ageme e ice	**4,356**	
N -c e	**98,821**	12,688
ota	**166,386**	60,028

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

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

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

7.4.6 *Revenue*

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

7.4.7 *Expenses by Nature*

	ea ended De embe 31,	
	2015	2014
	RMB'000	*RMB'000*
Em l ee be efi e e e	**99,988**	82,750
Pha mace ical a d c mable ed	**86,483**	75,419
De ecia i a d am 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 ami a i a d e i g fee	**3,388**	3,900
P i i f im ai me f ade ecei able	**4,907**	2,610
P i i f im ai me f he ecei able	**1,078**	
T a elli g e e e	**2,481**	3,086
P m i a d ma ke i g	**1,970**	2,092
D a i cha i ie	**1,814**	1,834
C m e a i aid a ie	**345**	1,147
Li i g e e e	**5,177**	
A di ' em 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 me a e e e f he G f he ea ded Decembe 31, 2014 a d 2015 i al ed a f ll :

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

The a he G ' fi bef e i c me a diffe f m he he e ical am 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 :

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

PRC corporate income tax

The i c me 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 ima 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 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 m a f RMB51,198,000 a d RMB55,709,000 f he ea e ded Decembe 31, 2014 a d 2015, e ec i el , a d he eigh ed a e age mbe 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

	ea ended Decembe 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 mbe f di a ha e a he e d f ea	**54,253,370**	50,000,000

The C m a a c e ed i a j i ck limi ed c m a Oc be 15, 2014. The calc la i f ea i g e Sha e f he ea e ded Decembe 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 a di g f m he begi i g f he ea . The calc la i f ea i g e Sha e f he ea e ded Decembe 31, 2015 i ba ed 54,253,370 di a Sha e .

Diluted earnings per Share

The C m 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 ame 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 Decembe 31, 2014. The ed di ide d a a ed b he Sha eh lde ' mee i g J e 1, 2015 a d he C m 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 Decembe 31, 2015 hich i calc la ed ba ed 73,040,000 i ed Sha e a f Decembe 31, 2015. The ed di ide d i eflec ed a a di ide d a able i he c lida ed fi a cial a eme a f Decembe 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 Decembe 31, 2016.

	ea ended De embe 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 De embe 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 im eme	**60,529**	1,784
e , la a d e i me	**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 eeme .

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

	As of De embe 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 De embe 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 following is a list of the principal subsidiaries of the Company as of December 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 *(%)*
Cangnan Kangning Hospital Co., Ltd. (蒼南康寧醫院有限公司)	The PRC, Limited liability company	Psychiatric hospital in the PRC	Paid-in capital of RMB1,000,000	100%	100%	
Qingtian Kangning Hospital Co., Ltd. (青田康寧醫院有限公司)	The PRC, Limited liability company	Psychiatric hospital in the PRC	Paid-in capital of RMB1,000,000	100%	100%	
Yongjia Kangning Hospital Co., Ltd. (永嘉康寧醫院有限公司)	The PRC, Limited liability company	Psychiatric hospital in the PRC	Paid-in capital of RMB1,000,000	100%	100%	
Yueqing Kangning Hospital Co., Ltd. (樂清康寧醫院有限公司)	The PRC, Limited liability company	Psychiatric hospital in the PRC	Paid-in capital of RMB1,000,000	100%	100%	
Shenzhen Yining Hospital Co., Ltd. (深圳市怡寧醫院有限公司)	The PRC, Limited liability company	Psychiatric hospital in the PRC	Paid-in capital of RMB16,600,000		52%	48%
Wenzhou Kangning Judicial Forensic Center (溫州康寧司法鑒定所)	The PRC, Sole proprietorship enterprise	Forensic identification in the PRC	Paid-in capital of RMB500,000	100%	100%	
Linhai Kangning Hospital Co., Ltd. (臨海康寧醫院有限公司)	The PRC, Limited liability company	Psychiatric hospital in the PRC	Paid-in capital of RMB2,000,000	80%	80%	20%
Wenzhou Yining Geriatric Hospital Co., Ltd. (溫州怡寧老年醫院有限公司) [(a)]	The PRC, Limited liability company	Psychiatric hospital in the PRC	Paid-in capital of RMB10,000,000	100%	100%	
Pingyang Kangning Hospital Co., Ltd. (平陽康寧醫院有限公司) [(b)]	The PRC, Limited liability company	Psychiatric hospital in the PRC	Paid-in capital of RMB6,000,000	100%	100%	
Shenzhen Yining Medical Investment Co., Ltd. (深圳怡寧醫療投資有限公司) [(c)]	The PRC, Limited liability company	Investment holding in the PRC	Nil	100%	100%	
Quzhou Yining Hospital Co., Ltd. (衢州怡寧醫院有限公司) [(d)]	The PRC, Limited liability company	Psychiatric hospital in the PRC	Nil	60%	60%	40%
Hangzhou Honglan Information Technology Co., Ltd. (杭州宏瀾信息科技有限公司) [(e)]	The PRC, Limited liability company	Online medical consulting in the PRC	Nil	100%	100%	
Langfang Yining Hospital Management Co., Ltd. (廊坊市怡寧醫院管理有限公司) [(f)]	The PRC, Limited liability company	Hospital management consulting in the PRC	Nil	100%	100%	

All he b idia ie a e e abli hed i he PRC a limi ed liabili c m 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 embe 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 Decembe 31, 2015.

(b) Pi g a g Ka g i g H i al C ., L d. a e abli hed N embe 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 Decembe 31, 2015.

(c) She he Yi i g Medical I e me C ., L d. a e abli hed Se embe 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 Decembe 31, 2015.

(d) Q h Yi i g H i al C ., L d. a e abli hed N embe 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 Decembe 31, 2015.

(e) Ha g h H gla I f ma i Tech l g C ., L d a e abli hed N embe 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 Decembe 31, 2015.

(f) La gfa g Yi i g H i al Ma ageme C ., L d a e abli hed Decembe 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 Decembe 31, 2015.

B de f he B a d
en ho an nin ospita Co., td.
A ei i
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.