



醫院股份

3 BUSINESS REVIEW AND OUTLOOK

3.1 Business Review

2017 2017 W
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4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review

... B666.4
60.4% ... % 2016, ... B119.9

2017, the Company's total revenue increased by 12.5% compared with 2016, mainly due to the increase in sales of pharmaceutical products and services. The increase in pharmaceutical sales was primarily driven by the growth in sales of the Company's proprietary products, which accounted for 35.7% of total revenue in 2017, compared to 34.0% in 2016.

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

The increase in pharmaceutical sales was primarily driven by the growth in sales of the Company's proprietary products, which accounted for 35.7% of total revenue in 2017, compared to 34.0% in 2016. The increase in sales of proprietary products was primarily due to the growth in sales of the Company's proprietary products, which accounted for 35.7% of total revenue in 2017, compared to 34.0% in 2016.

	For the year ended	
	December 31,	
	2017	2016
Inpatients		
Number of inpatient admissions	3,420	2,577
Number of inpatient bed-days	1,248,300	943,182
Occupancy rate (%)	87.8%	86.5%
Number of inpatient discharges	1,095,389	815,883
Number of inpatient deaths	371,663	268,555
Average length of stay (days)	339	329
Number of inpatient discharges (RMB'000)	64,896	48,262
Average inpatient revenue per discharge (RMB)	59	59
Total inpatient revenue (RMB'000)	436,559	316,817
Total average inpatient spending per bed-day (RMB)	398	388
Outpatients		
Number of outpatient visits	160,015	145,696
Number of outpatient discharges (RMB'000)	17,831	17,044

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 37.8% 2016, : (-)
 34.3% H H H H ;
 (-) 2.6%
 83.9% (2016: 80.9%).

B83.6
 12.0% 2016, : (-)
 9.8%; (-)
 1.8%
 16.1% (2016: 19.1%),
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36.4%
 2016, 74.9% (2016:
 72.9%), 23.4% 2016,
 25.1% (2016: 27.1%).

' %
 ' % k %
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**For the year ended
 December 31,**

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

B343.2 31.5% 2016, 26.9% ; (-) 33.3% ; (-)

B19.2 H H H A 2016, 62.8%

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

32.6% (2016: 34.5%), 0.5180 ()

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

4.1.6 Finance (Expenses)/Income – Net

k k k % k % :

For the year ended

4.1.7 Investment Income/(Loss)

Investment income/(loss) for the year ended December 31, 2017 was RMB6,462,000 (2016: RMB6,202,000), an increase of 4.3% over 2016. The increase was primarily due to the increase in the fair value of investment properties held for sale.

	For the year ended December 31,	
	2017	2016
	(RMB'000)	(RMB'000)
Investment income	(6,462)	(6,202)
Investment loss	350	4,541
	(6,112)	(1,661)

The increase in investment income was primarily due to the increase in the fair value of investment properties held for sale (2016: RMB6,202,000), which was primarily due to the increase in the fair value of investment properties held for sale (2016: RMB6,202,000), which was primarily due to the increase in the fair value of investment properties held for sale.

4.1.8 Assets Impairment Losses

Assets impairment losses for the year ended December 31, 2017 were RMB50,514,800 (2016: RMB10,467,400), an increase of 389.7% over 2016. The increase was primarily due to the impairment losses on investment properties held for sale (2016: 1.0%), which was primarily due to the impairment losses on investment properties held for sale.

(RMB'000) 50,514,800 (2016: 10,467,400)

4.1.9 Non-Operating Income (Expenses) and Other Gains

1. 2019

4.1.11 Total Comprehensive Income

For the year ended 31 December 2016, the Group's total comprehensive income was \$49.1 million, or 28.7% of the Group's revenue for the year, compared to \$8.3 million, or 4.8% of the Group's revenue for the year ended 31 December 2015. The increase in total comprehensive income was primarily due to the increase in net profit of \$40.8 million, or 23.9% of the Group's revenue for the year, compared to \$7.5 million, or 4.3% of the Group's revenue for the year ended 31 December 2015. The increase in net profit was primarily due to the increase in revenue of \$170.5 million, or 10.1% of the Group's revenue for the year, compared to \$152.9 million, or 8.7% of the Group's revenue for the year ended 31 December 2015. The increase in revenue was primarily due to the increase in sales of \$170.5 million, or 10.1% of the Group's revenue for the year, compared to \$152.9 million, or 8.7% of the Group's revenue for the year ended 31 December 2015. The increase in sales was primarily due to the increase in sales of \$170.5 million, or 10.1% of the Group's revenue for the year, compared to \$152.9 million, or 8.7% of the Group's revenue for the year ended 31 December 2015. The increase in sales was primarily due to the increase in sales of \$170.5 million, or 10.1% of the Group's revenue for the year, compared to \$152.9 million, or 8.7% of the Group's revenue for the year ended 31 December 2015.

4.2.4 Investment Properties

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4.2.8 Other Payables

At December 31, 2017, other payables were **B99.8** million (December 31, 2016: **B38.9** million), of which **B99.8** million were due within one year and **B38.9** million were due after one year.

4.3 Liquidity and Capital Resources

The following table summarizes the cash flows from operating, investing and financing activities for the years ended December 31, 2017 and 2016:

	For the year ended	
	2017	2016
	(RMB'000)	(B'000)
Cash generated from operating activities	81,499	49,867
Cash used in investing activities	(223,628)	(92,788)
Cash generated from financing activities	(21,900)	69,080
Change in cash and cash equivalents	(169,625)	38,706

4.3.1 Net Cash Generated from Operating Activities

Net cash generated from operating activities for the year ended December 31, 2017 was **B81.5** million, an increase of **B47.8** million, or **58.6%**, compared to **B33.7** million for the year ended December 31, 2016. The increase was primarily due to an increase in net income of **B101.9** million, partially offset by an increase in depreciation and amortization of **B18.6** million, an increase in provisions for doubtful accounts of **B47.6** million, and an increase in provisions for employee benefits of **B10.5** million.

4.3.2 Net Cash Used in Investing Activities

Net cash used in investing activities for the year ended December 31, 2017 was **B223.6** million, an increase of **B208.9** million, or **93.3%**, compared to **B14.7** million for the year ended December 31, 2016. The increase was primarily due to an increase in cash used in the purchase of property, plant and equipment of **B223.6** million, an increase in cash used in the purchase of intangible assets of **B60.5** million, and an increase in cash used in the purchase of subsidiaries of **B10.5** million, partially offset by an increase in cash received from the disposal of property, plant and equipment of **B10.5** million, an increase in cash received from the disposal of intangible assets of **B10.5** million, and an increase in cash received from the disposal of subsidiaries of **B10.5** million.

4.3.3 Net Cash Used in Financing Activities

At December 31, 2017, the Company had cash and cash equivalents of \$21.9 million, compared to \$90.0 million at December 31, 2016. The decrease was primarily due to the use of cash for the purchase of property and equipment, net of the proceeds from the sale of property and equipment, and the payment of dividends.

4.3.4 Significant Investment, Acquisition and Disposal

The Company has no significant investments, acquisitions or disposals during the period.

4.4 Indebtedness

4.4.1 Bank Borrowings

At December 31, 2017, the Company had bank borrowings of \$200.0 million, compared to \$216.7 million at December 31, 2016. The decrease was primarily due to the repayment of bank borrowings, net of the proceeds from the issuance of bank borrowings.

4.4.2 Contingent Liabilities

At December 31, 2017, the Company has no contingent liabilities.

4.4.3 Asset Pledge

The Company has pledged certain assets as collateral for its bank borrowings. At December 31, 2017, the Company has pledged assets with a carrying amount of \$40.0 million.

4.4.4 Contractual Obligations

The Company has contractual obligations for the purchase of property and equipment. At December 31, 2017, the Company has contractual obligations of \$334.2 million.

4.4.5 Financial Instruments

The Company has financial instruments that are subject to credit risk. At December 31, 2017, the Company has financial instruments with a carrying amount of \$21.9 million.

4.4.6 Exposure to Fluctuation in Exchange Rates

As at 31 December 2017, the Group's exposure to exchange rate fluctuations is as follows: HK\$ million

Assets	Liabilities
1,000,000	1,000,000

As at 31 December 2017, the Group's exposure to exchange rate fluctuations is as follows: HK\$ million

Assets	Liabilities
1,000,000	1,000,000

4.4.7 Gearing Ratio

As at 31 December 2017, the Group's gearing ratio (total debt divided by total equity) is 34.3% (as at 31 December 2016: 35.1%).

4.4.8 Employees and Remuneration Policy

As at 31 December 2017, the Group has 1,000 employees. The remuneration policy is as follows: HK\$ million

5.2 Dividend

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13, 2018,
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12.2.2 Annual Consolidated Balance Sheets

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

LIABILITIES AND OWNERS' EQUITY	December 31, 2017 RMB	December 31, 2016 RMB
Current liabilities		
Accounts payable	90,000,000	30,000,000
Accounts receivable	83,787,338	43,271,014
Accounts payable - related parties	7,511,284	71,147,900
Accounts payable - other related parties	23,714,318	19,552,350
Accounts payable - non-related parties	34,912,381	41,195,655
Accounts payable - government	99,79	

12.2.3 Annual Consolidated Statements of Cash Flow

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

For the year ended
December 31,
2017 2016
RMB *B*

3. Cash flows (used in)/generated from financing activities		
Sub-total of cash inflows	27,020,000	9,200,000
Sub-total of cash outflows	(27,020,000)	(9,200,000)
Net cash flows (used in)/generated from financing activities	90,000,000	160,000,000
Effect of changes in foreign exchange rate	300,000	-
Net (decrease)/increase in cash and cash equivalents	117,320,000	169,200,000
Effect of changes in foreign exchange rate	(107,650,190)	(67,496,810)
Net cash flows (used in)/generated from financing activities	(27,084,188)	(18,260,000)
Effect of changes in foreign exchange rate	(4,485,351)	(14,362,579)
Sub-total of cash outflows	(139,219,729)	(100,119,389)
Net cash flows (used in)/generated from financing activities	(21,899,729)	69,080,611
4. Effect of changes in foreign exchange rate	(5,596,209)	12,546,534
5. Net (decrease)/increase in cash and cash equivalents	(169,624,883)	38,706,371
Effect of changes in foreign exchange rate	407,163,542	368,457,171
6. Cash and cash equivalents at end of the year	237,538,659	407,163,542

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

12.3.1 Accounts receivable

	December 31,	December 31,
	2017	2016
	RMB	USD
Accounts receivable	2,250,000	-
Notes receivable	245,277,585	151,042,945
Other receivables	247,527,585	151,042,945
Less: Allowance for doubtful accounts	(15,348,262)	(8,104,505)
	232,179,323	142,938,440

As of December 31, 2017, 2016, the carrying amount of accounts receivable is RMB and USD, respectively.

	31 December	31 December
	2017	2016
	RMB	USD
Within 1 year	215,379,873	137,552,824
1 - 2 years	29,274,942	10,835,771
2 - 3 years	2,441,995	2,211,065
Over 3 years	430,775	443,285
	247,527,585	151,042,945

A significant portion of accounts receivable is derived from the sale of products.

12.3.2 Accounts payable

As of December 31, 2017, 2016, the carrying amount of accounts payable is RMB and USD, respectively.

	December 31,	December 31,
	2017	2016
	RMB	USD
Within 3 months	42,078,771	39,665,783
3-6 months	7,390,442	2,933,736
6-12 months	20,557,648	223,574
1 - 2 years	13,579,346	103,052
2 - 3 years	27,315	344,869
Over 3 years	153,816	0.4303

12.3.3 Revenue and cost of sales

	For the year ended	
	December 31,	
	2017	2016
	RMB	US\$
Revenue	546,561,325	410,447,911
Cost of sales	119,874,203	4,961,058
	<u>666,435,528</u>	<u>415,408,969</u>
Revenue	354,933,687	270,663,677
Cost of sales	94,398,215	1,407,587
	<u>449,331,902</u>	<u>272,071,264</u>

Revenue and cost of sale from main businesses

	For the year ended	
	December 31,	
	RMB	US\$
Revenue from main businesses		
Revenue from main businesses	130,681,392	107,405,332
Cost of sales from main businesses	389,493,815	235,838,816
Cost of sales from main businesses	26,386,118	11,689,539
	<u>546,561,325</u>	

For the year ended
December 31, 2016

RMB *B

Revenue		
from main businesses		
105,905,729		86,970,397
285,599,012		174,138,929
18,948,170		9,554,351
61c		
270,447,911		270,663,677
Revenue from services		

Revenue from services
Revenue from services
Revenue from services

Revenue from services

12.3.5 Income tax expenses

	For the year ended December 31,	
	2017	2016
	RMB	USD
Income tax expense	30,123,517	32,874,281
Income tax credit	(8,096,600)	(6,286,776)
	<u>22,026,917</u>	<u>26,587,505</u>

The income tax expense for the year ended December 31, 2017 is based on the taxable income of the Company and its subsidiaries, and is calculated at the applicable tax rate of 25%.

	For the year ended December 31,	
	2017	2016
	RMB	USD
Income tax expense	69,862,675	92,138,499
Income tax credit	17,465,669	23,034,625
Income tax expense	3,741,704	2,394,514
Income tax credit	579,395	(320,322)
Income tax expense	(42,417)	-
Income tax credit	415,248	1,478,688
Income tax expense	207,837	-
Income tax credit	(340,519)	-
	<u>22,026,917</u>	<u>26,587,505</u>

12.3.6 Dividends

23, 2018, B	B10,956,000
31, 2017, 70	73,040,000
31, 2017.	8 00 (0) 0028 4,041 0 10,4526004 (

13 DEFINITIONS

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