



溫州康寧醫院股份有限公司

Wenzhou Kangning Hospital Co., Ltd.

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

Stock code: 2120



2024 INTERIM REPORT



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Corporate Information

Board of Directors

Executive Directors

Mr. GUAN Weili (*Chairman*)

Ms. WANG Lianyue

Mr. WANG Jian

Non-executive Directors

Mr. QIN Hao

Mr. LI Changhao

Independent Non-executive Directors

Ms. ZHONG Wentang

Ms. JIN Ling

Mr. CHAN Sai Keung Hugo

Audit Committee

Ms. ZHONG Wentang (*Chairlady*)

Mr. LI Changhao

Ms. JIN Ling

Nomination Committee

Mr. CHAN Sai Keung Hugo (*Chairman*)

Mr. GUAN Weili

Ms. JIN Ling

Remuneration Committee

Ms. JIN Ling (*Chairlady*)

Ms. ZHONG Wentang

Mr. CHAN Sai Keung Hugo

Strategy and Risk Management Committee

Mr. GUAN Weili (*Chairman*)

Ms. ZHONG Wentang

Mr. QIN Hao

Supervisory Committee

Mr. XU Ning (*Chairman*)

Mr. XU Yongjiu

Ms. ZHANG Yue

Mr. XIE Tiefan

Mr. QIAN Chengliang

Joint Company Secretaries

Mr. WANG Jian

Mr. WONG Wai Chiu

Authorized Representatives

Mr. GUAN Weili

Mr. WONG Wai Chiu

Auditor

BDO China Shu Lun Pan Certified Public Accountants LLP

Legal Advisor as to Hong Kong Laws

Clifford Chance

Registered Office and Head Office in the PRC

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Wenzhou, Zhejiang

PRC

Corporate Information

Principal Place of Business in Hong Kong

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H Share Registrar

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Stock Code

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Company's Website

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Financial Highlights

Principal Financial Data and Indicators

	For the six months ended June 30,	
	2024	2023
	(RMB' 000)	(RMB'000)
	(Unaudited)	(Unaudited)
Revenue	828,957	777,925
Profit before income tax	61,513	60,207
Income tax expenses	16,516	11,478
Net profit	44,996	48,729
Net profit attributable to shareholders of the Company	50,724	43,750
Profit or loss attributable to non-controlling interests	-5,727	4,979
Net cash generated from operating activities	116,536	113,591

	As at	As at
	June 30, 2024	December 31, 2023
	(RMB' 000)	(RMB'000)
	(Unaudited)	(Audited)
Total assets	3,008,352	3,047,687
Total liabilities	1,581,890	1,639,481
Total equity	1,426,462	1,408,206
Equity attributable to shareholders of the Company	1,290,906	1,265,065
Non-controlling interests	135,555	143,141

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

In the first half of 2024, external environment remained severe and complex, global economic growth slowed down, and factors such as the further implementation of the centralized pharmaceutical procurement policy, the continuous increase in the control of medical insurance expenses and the increasingly stringent supervision of the medical industry posed multiple challenges to the Group's development. Meanwhile, with the gradual recovery of domestic macro-economy in the post-pandemic era, the overall development of China's medical industry has returned to normal, and private hospitals have also shown a recovery trend. The scarring effect after the pandemic and the arrival of the turning point in the population structure have led the general public place greater emphasis on the quality of life and health safety. In particular, the growing demand for diversified medical services for full-course and full-cycle management of mental health and elderly care, and the enormous market potential has injected strong and sustainable momentum into the Group's future development. Facing the market environment with both challenges and opportunities, we have given full play to the competitive advantages in professional and group development, continuously improved medical technology and service quality, and promoted the sustainable, stable and high-quality development of the Group.

In the first half of 2024, the Group's overall business development maintained steady. During the Reporting Period, the Group recorded total revenue of RMB829.0 million, representing an increase of 6.6% as compared with that of the same period last year. Among them, the revenue from operating its owned hospitals amounted to RMB765.6 million, representing an increase of 5.1% as compared with that of the same period last year. During the Reporting Period, the Group's net profit attributable to shareholders of the Company amounted to RMB50.7 million, representing an increase of 15.9% as compared with that of the same period last year. As of June 30, 2024, the number of the Group's owned hospitals remained at 32 (December 31, 2023: 32), including an independently established internet hospital (Yining Psychology Internet Hospital), and the number of operating beds increased to 11,648 (December 31, 2023: 11,268).

Psychiatric Healthcare Business

The Group has always been focusing on satisfying the continuously growing multi-level and diversified demand for psychiatric health of the patients, constantly strengthening the refined management model of the Group, and improving its medical quality and service level. The Group expanded and strengthened the psychiatric specialized business by the way of online and offline integration and dedicated to be professional guardian of psychiatric health.

Management Discussion and Analysis

During the Reporting Period, the overall outpatient and inpatient revenue of the Group's mature hospitals such as Wenzhou Kangning Hospital, Cangnan Kangning Hospital, Yueqing Kangning Hospital and Qingtian Kangning Hospital grew steadily. In particular, the number of patient visits of Yongjia Kangning Hospital and Jinyun Shuning Hospital increased continuously after being relocated to new sites, driving the year-on-year revenue increase from healthcare business. The Group further deepened the synergy model of regional owned hospitals, and the development of the majority of its owned hospitals in the Taizhou and Haixi regions was relatively stable. In addition, the development of the Group's owned hospitals outside Zhejiang Province had been solid, with the results of its owned hospitals such as Huainan Kangning Hospital, Changchun Kanglin Psychological Hospital and Nanjing Yining Hospital growing at a significant rate and the profitability continuing to improve in the long term by virtue of the refined management measures of the Group. With the continuous enhancement of operating cost control, the operating performances of two hospitals, namely Heze Yining Hospital and Guanxian Yining Hospital, were gradually improved, which continued to consolidate the Group's business fundamentals in the long run. However, under the impact of settlement difference of local medical insurance payment, the performance of Pingyang Kangning Hospital, Quzhou Yining Hospital, Wenling Southern Hospital, Chun'an Kangning Hospital and Pujiang Yining Hospital was lower than expected and the Group has proactively adjusted its operating strategies; meanwhile, Beijing Yining Hospital and Shenzhen Yining Hospital incurred accumulated losses due to factors such as relatively high property costs, prompting the Group to adopt a comprehensive solution to address these issues, but it still takes time to adjust.

Elderly Healthcare Business

According to the development strategy layout for transformation of specialized chain cluster, the Group has continuously increased investment in the elderly healthcare sector since 2016. Leveraging the advantages of collectivization management and taking inelastic demand intervention as the core, the Group is committed to providing comprehensive and multi-level health services for the elderly and the elderly patients with disability, dementia, and chronic diseases, etc. On January 15, 2024, the State Council promulgated the Opinions of the General Office of the State Council on Developing the Silver Economy and Improving the Well-being of the Elderly (Guobanfa [2024] No. 1) (《辦公廳關於發展銀髮經濟增進老年人福祉的意見》(國辦發[2024]1號)), proposing 26 measures across four aspects. As the first specialized document issued by the country to support the development of the silver economy, the document states that the silver economy is the collective of a series of economic activities such as providing products or services to the elderly and preparing for the old age, involves a wide range of areas and features a long industrial chain, diverse business forms, and enormous potential. On July 18, 2024, the Third Plenary Session of the Central Committee of the Communist Party of China adopted the Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization (《中共中央關於進一步全面深化改革推進中國式現代化的決定》), which clearly proposed to actively respond to the aging population, improve the policy and mechanism for the development of the elderly care business and the elderly care industry, encourage and guide enterprises and other social forces to actively participate, promote mutual aid elderly care services, and facilitate the integration of medical care and elderly care.

Management Discussion and Analysis

In the first half of 2024, the Group has opened six elderly hospitals, with one health care project under construction and approximately 2,730 beds available, generating a healthcare business income of approximately RMB238.1 million during the Reporting Period, accounting for 31.1% of the Group's revenue from the operation of owned hospitals, the business development of the elderly healthcare sector began to take shape. Among them, the two mature elderly hospitals, namely Geriatric Hospital and Wenzhou Cining Hospital, had better operational results. The development of Yueqing Yining Hospital, which was acquired in 2022, has been stable, with a steady growth in revenue as compared to the same period last year, while the business revenue of Cangnan Yining Nursing Centre and Wenzhou Ou Hai Yining Geriatric Hospital, both opened in 2022, increased significantly as compared to the same period last year, as they were still in a fast ramp-up period. However, Pingyang Changgeng Yining Hospital, which was acquired in 2021, showed a slight underperformance due to factors such as business structure adjustment and ward decoration and renovation.

In June 2024, the General Office of the State Council promulgated the Key Work Tasks for Deepening the Reform of Pharmaceutical and Health System in 2024 (《深化醫藥衛生體制改革2024年重點工作任務》), which proposed to focus on the coordinated development and governance of medical insurance, medical care and pharmaceuticals, promote high-quality development of the health undertakings, and enhance people's sense of achievement, happiness and security. Looking ahead, in the face of current background of regulations in the healthcare industry, we will adhere to the philosophy of "upholding tradition while embracing innovation and being steadfast in our belief (固本革新,篤信行遠)", and focus on the two core businesses of psychiatric healthcare and elderly healthcare with firmer confidence and pragmatic measures, strengthen the refined operation and management model under guidance of the core value of "Respecting Life and Serving Humbly", continuously adapt to the new policies, innovate the characteristic service model of Kangning, so as to continuously enhance the Group's core competitiveness, and jointly create a brand new chapter for the high-quality development of the Group.

Management Discussion and Analysis

Financial Review

The Group recorded revenue of RMB829.0 million during the Reporting Period, representing an increase of 6.6% as compared with that of the same period of 2023. Among them, the revenue from operating its owned hospitals amounted to RMB765.6 million, representing an increase of 5.1% as compared with that of the same period of 2023. During the Reporting Period, the gross profit margin of the Group's owned hospitals was 27.5% (for the six months ended June 30, 2023: 24.9%). The overall gross profit of the Group increased to RMB226.2 million, representing an increase of 12.2% as compared with that of the same period of 2023. During the Reporting Period, net profit attributable to shareholders of the Company amounted to RMB50.7 million, representing an increase of 15.9% as compared with that of the same period of 2023. During the Reporting Period, the net cash generated from operating activities of the Group amounted to RMB116.5 million (for the six months ended June 30, 2023: RMB113.6 million), representing an increase of 2.6% as compared with that of the same period of 2023.

Revenue and Cost of Revenue

The Group generates revenue mainly through the following three ways: (i) revenue from operating its owned hospitals; (ii) revenue from other healthcare related business; and (iii) other revenue not related to healthcare business.

The table below sets forth a breakdown of total revenue for the periods indicated:

	For the six months ended June 30,	
	2024 (RMB'000) (Unaudited)	2023 (RMB'000) (Unaudited)
Revenue from operating owned hospitals	765,636	728,692
Revenue from other healthcare related business	63,023	46,375
Other revenue not related to healthcare business	298	2,858
Total revenue	828,957	777,925

Management Discussion and Analysis

Revenue and cost of revenue from operating its owned hospitals

Revenue from operating its owned hospitals consists of fees (“Billing Revenue”) charged for outpatient visits and inpatient services at the Group’s various hospitals, which can be divided into treatment and general healthcare services and pharmaceutical sales, as well as variable considerations for medical services provided by the Group, including medical insurance settlement differences and the estimated unrecoverable charges for offering medical services by the Group to extremely deprived community members, low-end patients who are impoverished due to illness and other persons with special difficulties stipulated by the people’s government at or above the county level pursuant to relevant policies. The net amount after deducting the variable considerations is recorded as operating revenue of the Group.

The table below sets forth a breakdown of the Billing Revenue of the Group’s owned hospitals adjusted to operating revenue for the periods indicated:

	For the six months ended June 30,	
	2024	2023
	(RMB’000)	(RMB’000)
	(Unaudited)	(Unaudited)
Billing Revenue from owned hospitals	784,892	744,197
Less: Variable considerations	19,256	15,505
Revenue from operating owned hospitals – net	765,636	728,692

For the Reporting Period, the Group’s Billing Revenue from its owned hospitals amounted to RMB784.9 million, representing an increase of 5.5% as compared with that of the same period of 2023, which was mainly due to an increase in treatment and general healthcare services revenue driven by higher outpatient visits and inpatient visits. During the Reporting Period, the variable considerations amounted to RMB19.3 million, representing an increase of RMB3.8 million as compared with that of the same period of 2023, the proportion of the variable considerations to Billing Revenue increased to 2.5% (for the six months ended June 30, 2023: 2.1%).

Management Discussion and Analysis

The table below sets forth a breakdown of the Billing Revenue, cost of revenue and gross profit of the Group's owned hospitals for the periods indicated:

	For the six months ended June 30,	
	2024	2023
	(RMB' 000)	(RMB'000)
	(Unaudited)	(Unaudited)
Billing Revenue from owned hospitals	784,892	744,197
Cost of revenue	555,218	547,492
Gross profit	229,674	196,705

During the Reporting Period, Billing Revenue from the Group's owned hospitals amounted to RMB784.9 million, representing an increase of RMB40.7 million as compared with that of the same period of 2023, mainly due to the increase in Billing Revenue from Wenzhou Kangning Hospital, Wenzhou Ouhai Yining Geriatric Hospital, Yongjia Kangning Hospital, Yueqing Yining Hospital and Cangnan Yining Hospital, as well as the newly acquired Loudi Kangning Hospital, Dongkou Lening Hospital and Chengdu Yining Hospital in 2023. During the Reporting Period, the gross profit of the Group's owned hospitals on Billing Revenue basis increased by 16.8% as compared with that of the same period of 2023, mainly due to the increase in inpatient bed-days while controlling costs.

Management Discussion and Analysis

The table below sets forth a breakdown of Billing Revenue of the Group's owned hospitals by inpatients and outpatients for the periods indicated, with relevant operating data:

	For the six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Inpatients		
Inpatient bed as at period end	11,648	10,578
Effective inpatient service bed-day capacity	2,119,936	1,914,618
Utilization rate (%)	87.4	84.0
Number of inpatient bed-days	1,852,397	1,607,422
Treatment and general healthcare services revenue attributable to inpatients (RMB'000)	586,146	553,572
Average inpatient spending per bed-day on treatment and general healthcare services (RMB)	317	345
Pharmaceutical sales revenue attributable to inpatients (RMB'000)	91,056	84,197
Average inpatient spending per bed-day on pharmaceutical sales (RMB)	49	52
Total inpatient revenue (RMB'000)	677,202	637,769
Total average inpatient spending per bed-day (RMB)	366	397
Outpatients		
Number of outpatient visits	243,108	250,648
Treatment and general healthcare services revenue attributable to outpatients (RMB'000)	31,560	33,647
Average outpatient spending per visit on treatment and general healthcare services (RMB)	130	134
Pharmaceutical sales revenue attributable to outpatients (RMB'000)	76,130	72,781
Average outpatient spending per visit on pharmaceutical sales (RMB)	313	291
Total outpatient revenue (RMB'000)	107,690	106,428
Total average outpatient spending per visit (RMB)	443	425
Total treatment and general healthcare services revenue (RMB'000)	617,706	587,219
Total pharmaceutical sales revenue (RMB'000)	167,186	156,978

Management Discussion and Analysis

During the Reporting Period, inpatient Billing Revenue amounted to RMB677.2 million, representing an increase of 6.2% as compared with that of the same period of 2023, primarily due to the number of the Group's inpatient bed-days increased by 15.2%, which was driven by the increase in the inpatient bed-days of Wenzhou Ou Hai Yining Geriatric Hospital, Yongjia Kangning Hospital, Cangnan Yining Hospital, Yueqing Yining Hospital and Geriatric Hospital as well as the newly acquired Loudi Kangning Hospital, Dongkou Lening Hospital and Chengdu Yining Hospital in 2023. The proportion of inpatient Billing Revenue to revenue from operating its owned hospitals was 86.3% (for the six months ended June 30, 2023: 85.7%).

During the Reporting Period, outpatient Billing Revenue amounted to RMB107.7 million, representing a slight increase of 1.2% as compared with that of the same period of 2023, primarily due to an increase in average outpatient spending per visit of 4.2% while there was a decrease in outpatient visits of 3.0%. The proportion of outpatient Billing Revenue to revenue from operating its owned hospitals was 13.7% (for the six months ended June 30, 2023: 14.3%).

During the Reporting Period, due to the increase of both inpatient and outpatient business of our owned hospitals, Billing Revenue from treatment and general healthcare services increased by 5.2% as compared with that of the same period of 2023, accounting for 78.7% (for the six months ended June 30, 2023: 78.9%) of Billing Revenue from operating owned hospitals; Billing Revenue from pharmaceutical sales increased by 6.5% as compared with that of the same period of 2023, accounting for 21.3% (for the six months ended June 30, 2023: 21.1%) of Billing Revenue from owned hospitals, of which: the ratio of inpatient pharmaceutical sales to total inpatient Billing Revenue increased to 13.4% (for the six months ended June 30, 2023: 13.2%), the ratio of outpatient pharmaceutical sales to total outpatient Billing Revenue increased to 70.7% (for the six months ended June 30, 2023: 68.4%).

Cost of revenue of the Group's owned hospitals primarily consisted of pharmaceuticals and consumables used, employee benefits and expenses, depreciation of right-of-use assets, depreciation and amortization, canteen expenses and testing fees. The table below sets forth a breakdown of cost of revenue of the Group's owned hospitals for the periods indicated:

	For the six months ended June 30,	
	2024	2023
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Pharmaceuticals and consumables used	177,398	188,867
Employee benefits and expenses	228,188	208,780
Depreciation of right-of-use assets	14,557	17,993
Depreciation and amortization	52,308	49,033
Canteen expenses	33,351	32,373
Testing fees	8,450	10,630
Others	40,966	39,816
Cost of revenue of owned hospitals	555,218	547,492

Management Discussion and Analysis

During the Reporting Period, the cost of revenue of the Group's owned hospitals increased to RMB555.2 million, representing a slight increase of 1.4% as compared with that of the same period of 2023. It was mainly due to: (i) the increase of 9.3% in employee benefits and expenses arising from the increase in beds in the operation of our owned hospitals; (ii) the decrease of 6.1% in the expenses in pharmaceuticals and consumables related to the pharmaceutical sales; and (iii) depreciation and amortization of assets decreased by 0.2% as compared with that of the same period of 2023.

From the cost structure perspective, the proportion of pharmaceuticals and consumables used to the cost of revenue of our owned hospitals decreased to 32.0% (for the six months ended June 30, 2023: 34.5%). The proportion of employee benefits and expenses to cost of revenue of our owned hospitals increased to 41.1% (for the six months ended June 30, 2023: 38.1%). The proportion of the depreciation of right-of-use assets together with depreciation and amortization to the cost of revenue of our owned hospitals was 12.0% (for the six months ended June 30, 2023: 12.2%).

Revenue from other healthcare related business

The revenue from other healthcare related businesses of the Group primarily includes revenue from sales of medical devices, revenue from pharmaceutical sales outside the hospitals, revenue from social mental service and revenue from healthcare information technology business, etc. During the Reporting Period, revenue from the other healthcare related business of the Group amounted to RMB63.0 million, of which revenue from sales of pharmaceuticals and medical devices outside the hospitals was RMB41.7 million (for the six months ended June 30, 2023: RMB29.1 million).

Other revenue not related to healthcare business

The Group's other revenue not related to healthcare business mainly includes property leasing income. During the Reporting Period, revenue from the property leasing income was RMB0.3 million (for the six months ended June 30, 2023: RMB2.9 million), mainly due to the fact that Shenzhen Yining Hospital reached new lease conditions with its rental property landlord, and the rental property landlord took back the sublet property, resulting in a decrease in rental income.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

During the Reporting Period, total gross profit of the Group on operating income basis amounted to RMB226.2 million, representing an increase of 12.2% as compared with that of the same period of 2023. The gross profit of our owned hospitals businesses on operating income basis amounted to RMB210.4 million, representing an increase of 16.1% as compared with that of the same period of 2023. The table below sets forth a breakdown of the gross profit margin of different businesses for the periods indicated:

	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Owned hospitals businesses	27.5%	24.9%
Other businesses	24.9%	41.3%
Consolidated gross profit margin	27.3%	25.9%

During the Reporting Period, consolidated gross profit margin of the Group increased to 27.3% (for the six months ended June 30, 2023: 25.9%), of which the gross profit margin of owned hospitals businesses increased by 2.6 percentage points from the same period of 2023.

Tax and Surcharge

During the Reporting Period, the tax and surcharge of the Group amounted to RMB6.3 million (for the six months ended June 30, 2023: RMB2.8 million).

Selling Expenses

During the Reporting Period, the selling expenses of the Group amounted to RMB9.2 million (for the six months ended June 30, 2023: RMB7.8 million). The selling expenses accounted for 1.2% of the Group's revenue from operating its owned hospitals (for the six months ended June 30, 2023: 1.1%).

Management Discussion and Analysis

Administrative Expenses

During the Reporting Period, administrative expenses of the Group primarily consist of employee benefits and expenses, depreciation and amortization, consultancy expenses, travelling expenses and other expenses. The table below sets forth a breakdown of administrative expenses of the Group for the periods indicated:

	For the six months ended June 30,	
	2024 (RMB'000) (Unaudited)	2023 (RMB'000) (Unaudited)
Employee benefits and expenses	64,383	55,922
Depreciation and amortization	13,955	13,474
Consultancy expenses	4,042	14,377
Travelling expenses	2,199	2,071
Others	21,692	16,080
Total administrative expenses	106,271	101,924

During the Reporting Period, the administrative expenses of the Group amounted to RMB106.3 million, representing an increase of 4.3% as compared with that of the same period of 2023, which was mainly due to an increase in employee benefits and expenses of 15.1% as compared with that of the same period of 2023 and a decrease in consultancy expenses of 71.9% as compared with that of the same period of 2023. During the Reporting Period, the proportion of the administrative expenses to the revenue from operating owned hospitals of the Group was 13.9% (for the six months ended June 30, 2023: 14.0%).

Management Discussion and Analysis

Research and Development Expenses

During the Reporting Period, the Research and Development Expenses of the Group mainly included clinical research, information technology software development and internet hospital platform construction. The following table sets out the breakdown of the Group's research and development expenses for the periods indicated:

	For the six months ended June 30,	
	2024 (RMB'000) (Unaudited)	2023 (RMB'000) (Unaudited)
Clinical Studies	12,779	9,691
Informatization Software Development	4,035	3,259
Construction of Internet Hospital Platform	748	1,982
Others	26	26
Total	17,588	14,958

During the Reporting Period, the Group's research and development expenses amounted to RMB17.6 million (for the six months ended June 30, 2023: RMB15.0 million), representing an increase of 17.6% as compared with that of the same period of 2023. The proportion of research and development expenses to the revenue from operating owned hospitals of the Group was 2.3% (for the six months ended June 30, 2023: 2.1%).

Management Discussion and Analysis

Finance Expenses – Net

Our finance income includes interest income from bank deposits and foreign exchange gains, and the finance expenses include the borrowing interest expenses, the interest expense on lease liabilities and unrecognized financial charges. The table below sets forth a breakdown of our financial income and expense for the periods indicated:

	For the six months ended June 30,	
	2024 (RMB'000) (Unaudited)	2023 (RMB'000) (Unaudited)
Interest income	-2,686	-2,705
Foreign exchange gains/losses	99	-13
Borrowing interest expenses	18,078	14,124
Interest expenses on lease liabilities	5,245	5,058
Unrecognized financial charges	2,968	3,151
Others	761	545
Finance expenses – net	24,465	20,160

During the Reporting Period, the net finance expenses of the Group amounted to RMB24.5 million, representing an increase of RMB4.3 million as compared with that of the same period of 2023, of which, borrowing interest expense increased by RMB4.0 million as compared with that of the same period of 2023.

Management Discussion and Analysis

Investment Income/Loss

Our investment income/loss consist of share of gains/losses of investments accounted for using the equity method and gains/losses arising from disposal of long-term equity investment. The table below sets forth a breakdown of our investment loss for the periods indicated:

	For the six months ended June 30,	
	2024 (RMB'000) (Unaudited)	2023 (RMB'000) (Unaudited)
Share of gains/losses of investments accounted for using the equity method	479	-158
Gains/losses arising from disposal of long-term equity investment	1,201	-38
	1,680	-196

During the Reporting Period, our investment income amounted to RMB1.7 million, mainly due to the investment income of RMB1.4 million arising from the disposal of equity interest in Hangzhou Yining Hospital Co., Ltd.

Credit Impairment Losses

During the Reporting Period, credit impairment losses increased to RMB5.6 million (for the six months ended June 30, 2023: RMB3.0 million).

Management Discussion and Analysis

Non-Operating Income and Non-Operating Expenses

Our non-operating income mainly consists of government grants and donations received income, and non-operating expenses mainly consist of losses on scrapping of non-current assets, donation expenses, and expenses for medical disputes. The table below sets forth a breakdown of our non-operating income and non-operating expenses for the periods indicated:

	For the six months ended June 30,	
	2024	2023
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Government grants	129	232
Donations received	47	5,574
Other non-operating income	327	119
Non-operating income	503	5,925
Losses on scrapping of non-current assets	292	92
Donation expenses	500	1,235
Expenses for medical disputes	807	370
Other non-operating expenses	1,217	518
Non-operating expenses	2,816	2,215

During the Reporting Period, the non-operating income of the Group amounted to RMB0.5 million, representing a decrease of RMB5.4 million as compared with that of the same period of last year, mainly due to the donations received decreased by RMB5.5 million as compared with that of the same period of 2023. During the Reporting Period, the non-operating expenses of the Group increased to RMB2.8 million, mainly due to the increase in expenses for medical disputes by RMB0.4 million as compared with that of the same period of 2023.

Income Tax Expense

During the Reporting Period, income tax expense increased to RMB16.5 million (for the six months ended June 30, 2023: RMB11.5 million), representing an increase of 43.9% as compared with that of the same period of 2023. During the Reporting Period and for the six months ended June 30, 2023, our actual tax rate was 26.9% and 19.1%, respectively.

Management Discussion and Analysis

Financial Position

Inventory

As of June 30, 2024, inventory balances amounted to RMB51.9 million (as of December 31, 2023: RMB60.6 million), mainly including the medical inventory and turnover materials.

Accounts Receivables

As of June 30, 2024, the balance of accounts receivables amounted to RMB448.1 million (as of December 31, 2023: RMB420.4 million), representing an increase of 6.6% as compared with that of December 31, 2023, mainly due to the increase in the Group's revenue from operating its owned hospitals.

During the Reporting Period, the accounts receivables turnover days of the Group were 95 days (for the six months ended June 30, 2023: 91 days).

Other Receivables and Prepayments

As of June 30, 2024, other receivables and prepayments increased to RMB72.3 million (as of December 31, 2023: RMB79.5 million).

Other Non-current Financial Assets

As of June 30, 2024, the balance of other non-current financial assets was RMB64.8 million (as of December 31, 2023: RMB65.1 million).

Construction in progress

As of June 30, 2024, the balance of construction in progress was RMB234.0 million (as of December 31, 2023: RMB187.0 million). During the Reporting Period, the constructions in progress were mainly the new construction project of Lucheng Yining Hospital and the new construction project of Linhai Cining Hospital.

Right-of-use Assets

As of June 30, 2024, right-of-use assets decreased to RMB170.5 million (as of December 31, 2023: RMB189.1 million), mainly due to the depreciation of right-of-use assets.

Accounts Payables

As of June 30, 2024, accounts payables increased to RMB112.5 million (as of December 31, 2023: RMB110.1 million).

Management Discussion and Analysis

Receipts in Advance and Contract Liabilities

As of June 30, 2024, receipts in advance and contract liabilities decreased to RMB26.3 million (as of December 31, 2023: RMB26.6 million).

Other Payables

As of June 30, 2024, other payables decreased to RMB68.5 million (as of December 31, 2023: RMB150.3 million), mainly due to the completion of settlement of unsettled construction project funds for the relocation project of Quzhou Yining Hospital and the newly-built project of Linhai Cining Hospital.

Liquidity and Capital Resources

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

	For the six months ended June 30,	
	2024	2023
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	116,536	113,591
Net cash used in investing activities	-112,711	-119,122
Net cash generated from financing activities	-41,660	9,790
Net decrease/increase in cash and cash equivalents	-37,934	4,273

Net Cash Generated from Operating Activities

During the Reporting Period, net cash generated from operating activities amounted to RMB116.5 million, primarily consisting of net profit of RMB45.0 million, adjustments of RMB5.6 million for credit impairment losses and asset impairment losses and adjustments of RMB79.4 million for depreciation and amortisation of various assets. Changes in working capital resulted in cash outflow of RMB42.4 million.

Net Cash Used in Investing Activities

During the Reporting Period, net cash used in investing activities amounted to RMB112.7 million, primarily due to the amount of RMB111.0 million for purchasing property, plant and equipment, including the investments in the infrastructure of Lucheng Yining Hospital, Quzhou Yining Hospital, Linhai Cining Hospital, Jinyun Shuning Hospital and Longquan Kangning Hospital, and the renovations of Pingyang Changgeng Yining Hospital.

Management Discussion and Analysis

Net Cash Generated from Financing Activities

During the Reporting Period, net cash outflow generated from financing activities amounted to RMB41.7 million.

Significant Investment, Acquisition and Disposal

The Group had no significant investment, acquisition or disposal for the six months ended June 30, 2024.

As of the date of this Interim Report, the Group did not receive any specific plan with authorisation from the Board on significant investment in or acquisition of capital assets.

Indebtedness

Bank Borrowings

As of June 30, 2024, the balance of bank borrowings of the Group amounted to RMB923.3 million (as of December 31, 2023: RMB864.7 million), primarily attributable to repayment of borrowings of RMB304.8 million and an increase in borrowings of RMB363.4 million during the Reporting Period.

Contingent Liability

As of June 30, 2024, the Group had no contingent liability or guarantees that would have a material impact on the financial position or operation of the Group.

Asset Pledge

During the Reporting Period, the Group's Wenzhou Kangning Hospital pledged real estate property with certificate number of Wenfang Quanzheng Lucheng District No. 826751, Wenfang Quanzheng Lucheng District No. 826750, Zhe (2016) Wenzhou Real Estate Rights No. 0010144, Zhe (2016) Wenzhou Real Estate Rights No. 0010142, Zhe (2021) Wenzhou Real Estate Rights No. 0081628, Wen Guo Yong (2015) No. 1-11836, and Wen Guo Yong (2015) No. 1-11833 to China Minsheng Bank Wenzhou Longwan Sub-branch, and Zhe (2017) Cangnan County Real Estate Rights No. 0018361 to China ICBC Bank Ou Hai Sub-branch for obtaining bank loans. As of June 30, 2024, the balance of such pledged loans was RMB267.3 million. Lucheng Yining Hospital pledged the real estate property with certificate number of Zhe (2020) Wenzhou Real Estate Rights No. 0068897 to China BOCOM Wenzhou Commercial City Sub-branch. As of June 30, 2024, the balance of such pledged loan was RMB95.0 million. Jinyun Shuning Hospital pledged the real estate property with certificate number of Zhe (2022) Jinyun Real Estate Rights No. 0002503 and the buildings and other attachments on the ground with certificate number of Jian Zi No. 331122202000043 to Zhejiang Jinyun Rural Commercial Bank Wuyun Sub-branch. As of June 30, 2024, the balance of such pledged loan was RMB25.0 million. Quzhou Yining Hospital pledged the real estate property with certificate number of Zhe (2022) Quzhou Real Estate Rights No. 0045588 to China CITIC Bank Wenzhou Renmin Road Sub-branch. As of June 30, 2024, the balance of such pledged loan was RMB58.3 million.

Management Discussion and Analysis

Lease Liabilities

The lease liabilities of the Group primarily consist of operating lease arrangements. As of June 30, 2024, the present values of unsettled lease payments under non-cancellable lease agreements, after deducting an amount of RMB22.8 million which is due within one year, were RMB158.9 million.

Financial Instruments

Financial instruments of the Group consist of accounts receivable, other non-current financial assets, other receivables, cash and cash equivalents, bank borrowings, accounts payable and other payables. The Company's management manages and monitors these risks to ensure effective measures are implemented in a timely manner.

Exposure to Fluctuation in Exchange Rates

The Group deposits certain of its financial assets in foreign currencies, which mainly involve risks of fluctuations in the exchange rate of HKD against RMB. The Group is therefore exposed to foreign exchange risks accordingly.

During the six months ended June 30, 2024, the Group has not used any derivative financial instruments to hedge against its exposure to currency risks. The management of the Company manages the currency risks by closely monitoring the movement of the foreign currency rates, and will consider hedging against significant foreign currency exposures should such need arise.

Gearing Ratio

As of June 30, 2024, the Group's gearing ratio (total liabilities divided by total assets) slightly decreased to 52.6% (as of December 31, 2023: 53.8%).

Employees and Remuneration Policy

As of June 30, 2024, the Group had a total of 4,742 employees (as of December 31, 2023: 4,765 employees). During the Reporting Period, employees' remuneration (including salaries and other forms of employee benefits) amounted to approximately RMB313.8 million (for the six months ended June 30, 2023: RMB291.5 million). The average employees' remuneration is RMB132.4 thousand per year (including social insurance scheme and housing grant scheme borne by the Group). The remuneration is determined with reference to the salary level in the same industry and the qualifications, experience and performance of an employee.

During the Reporting Period, the employee training program of the Company remained unchanged. For relevant information, please refer to the "Employee Training Program" of the Company's 2023 annual report.

Management Discussion and Analysis

Equity Incentive Scheme

In order to fully mobilize the enthusiasm of senior management and core technical personnel of the Group, the Company drafted the Equity Incentive Scheme for the Year 2018 of Wenzhou Kangning Hospital Co., Ltd. (《溫州康寧醫院股份有限公司2018年股權激勵計劃》, the “**Equity Incentive Scheme**”), which was considered and approved and adopted at the annual general meeting of the Company for the year 2017 which has been convened on June 13, 2018. In order to meet the requirements regarding capital certainty when the Company applies for the listing of its A Shares in the future, on June 24, 2021, the proposal on further amendments to the Equity Incentive Scheme was considered and passed (among others) in the meeting of the Board, and it was resolved to cancel the performance assessment requirements and the Company’s obligation to repurchase the unlocked Incentive Shares under the Equity Incentive Scheme. Unless otherwise specified, capitalized terms used below shall have the same meanings as those defined in the announcement dated May 29, 2018, the supplementary circular dated May 30, 2018, the circular dated May 14, 2021, the announcement dated June 18, 2021 and the announcement dated June 25, 2021 of the Company.

In respect of the Equity Incentive Scheme, the Participants of the first actual grant comprised a total of 165 people, with 1,818,529 Incentive Shares granted. The Participants of the second phase of the actual grant comprised a total of 23 people, with 180,516 Incentive Shares granted. The Participants (including connected people) of the third phase of the actual grant comprised a total of 13 people, with 540,229 Incentive Shares granted. As of the date of this Interim Report, a total of 8 Participants exited, corresponding to a total of 79,274 Incentive Shares. As of the date of this Interim Report, the Participants of the actual grant under the Equity Incentive Scheme comprised 193 people, and 2,460,000 Incentive Shares have been granted in total. The Incentive Shares granted accounted for 3.2976% of the total issued share capital of the Company as of the date of this Interim Report. The Incentive Shares were unlocked at one time after 48 months from the date of the grant, and the grant price was RMB10.47/share.

As all 2,460,000 Incentive Shares proposed to be granted under the Equity Incentive Scheme had been granted before June 18, 2021, the number of awards separately authorised to be granted under the Equity Incentive Scheme at the beginning and end of the Reporting Period was nil. Therefore, there was no shares available for issue under the Equity Incentive Scheme as at the date of this Interim Report.

Management Discussion and Analysis

The details of the Equity Incentive Scheme are as follows:

(1) *Purposes*

The Equity Incentive Scheme has been formulated to further refine the corporate governance structure of the Company, establish and optimise the Company's long-term incentive and restraint mechanism, attract and motivate professional management talents and core personnel, fully mobilize their enthusiasm and creativity, effectively enhance core team cohesion and core corporate competitiveness, better mobilize the enthusiasm of employees of the Group, and effectively integrate Shareholders' interests, the Company's interests and interests of the core team members so that the parties will make joint efforts for the Company's long-term development and ensure the realization of the Company's development strategy and operation objectives. The Equity Incentive Scheme has been developed on the precondition of fully safeguarding Shareholders' interests pursuant to the principle of benefits being in proportion to contributions and in accordance with provisions of the relevant laws, administrative regulations and regulatory documents including the Company Law and the Articles of Association.

(2) *Scope of the Participants*

(a) *Scope of the Participants*

All Participants shall be employed in the Group and have signed labor contracts or employment contracts with the Group during the appraisal period of the Equity Incentive Scheme.

Participants shall include the Directors, Supervisors, senior management of the Group (including the general manager), core technical (business) personnel, and other persons who, in the opinion of the Board, shall be incentivized, and the Board shall determine the Participants and the amount of equity to be granted within 36 months upon consideration and approval of the Equity Incentive Scheme at a general meeting.

(b) *List of the Participants under the Equity Incentive Scheme*

The specific list and subscribed capital contribution of the Participants shall be selected and assessed by the Board.

Management Discussion and Analysis

(3) *Description of equity to be granted under the Equity Incentive Scheme*

(a) Form of equity to be granted under the Equity Incentive Scheme

The Company will set up the employees' shareholding platform through the formation of a limited partnership, and the employees' shareholding platform will hold the Incentive Shares for and on behalf of the Participants. When Incentive Shares are granted to the Participants, the Participants shall subscribe for corresponding interests in the limited partnership and contribute capital at the grant price, and indirectly become a Shareholder of the Company. The Participants are prohibited from transferring, pledging or otherwise disposing their respective Incentive Shares during the lock-up period. Incentive Shares to be granted to the Participants are entitled to the corresponding rights upon registration, including but not limited to dividend distribution and voting rights. The aforementioned rights are not subject to lock-up period. Upon the expiry of the lock-up period, unless otherwise agreed, Participants who have fulfilled the unlocking conditions can dispose the unlocked Incentive Shares by transferring their respective interests in the Partnership.

(b) Source and category of the Shares subject to the equity to be granted under the Equity Incentive Scheme

The Incentive Shares under the Equity Incentive Scheme comprise the non-tradable and non-listed Domestic Shares to be issued to the employees' shareholding platform by the Company.

(c) Amount of equity to be granted under the Equity Incentive Scheme and its percentage of the total share capital of the Company

Participants are proposed to be granted up to 2,460,000 Shares under the Equity Incentive Scheme, representing 3.30% of the Company's total share capital as at the date of this Interim Report, and accounting for 4.45% of the total number of non-tradable and non-listed Domestic Shares.

(4) *Validity period, locked-up period and unlocking period arrangement of the Equity Incentive Scheme*

(a) Validity period of the Equity Incentive Scheme

The validity period of the Equity Incentive Scheme shall be 10 years from the date of approval at the annual general meeting for the year 2017 (i.e. April 26, 2018), unless it is terminated in accordance with the relevant provisions of the Equity Incentive Scheme. As of the date of this Interim Report, the remaining validity period of the Equity Incentive Scheme is approximately 4 years.

(b) Locked-up period of the Equity Incentive Scheme

The locked-up period of the Incentive Shares granted to the Participants is 48 months, calculated from the date the Participants are granted the Incentive Shares.

(c) Unlocking period arrangement of the Equity Incentive Scheme

Incentive Shares under the first grant shall be unlocked in one go after 48 months (June 28, 2022) from the date of the first grant (June 29, 2018); Incentive Shares under the reserved grant shall be unlocked concurrently with those under the first grant unless the circumstances are exceptional where the amendment plan shall be made under the Equity Incentive Scheme.

Management Discussion and Analysis

(5) *Granting procedures of the Equity Incentive Scheme*

- (i) The general partner of the Partnership and the Participants shall sign the Partnership agreement to stipulate the rights and obligations of both parties.
- (ii) The Company will issue the “Demand Note” to the Participants on the Grant Date.
- (iii) The Participants will sign the “Demand Note” and return one of the originals to the Company.
- (iv) Within the period specified by the Company, the Participants will pay the funds used to subscribe for Incentive Shares (calculated based on the grant price) to the accounts designated by the Company according to the requirements of the Company.
- (v) The Company will prepare a management register of the Equity Incentive Scheme according to the entering into of agreements and subscription by the Participants, setting out names of Participants, numbers of Shares granted, grant date, amount of payment and the sequential number of Partnership agreements, etc.

(6) *Grant Price of the Equity Incentive Shares and basis for determination*

- (a) The Grant Price of the Equity Incentive Shares: the Grant Price of the Incentive Shares under the first grant shall be RMB10.47 per Share; the Grant Price of the Incentive Shares under the reserved grant shall be RMB10.47 per Share.

- (b) Basis for determination on the Grant Price of the Equity Incentive Shares

Based on the fundamental purpose of promoting the development of the Company and safeguarding the interests of Shareholders, the Grant Price of RMB10.47 of Equity Incentive Shares under the Incentive Scheme has been determined in accordance with the principle of “incentives with emphasis and effectiveness (重點激勵、有效激勵)” and with comprehensive reference to the following factors:

- (i) as at the date of the approval of the Equity Incentive Shares by the Board (i.e. May 29, 2018), the trading price of the Company’s H Shares was approximately HK\$40.00 per Share (equivalent to approximately RMB32.50 per Share); and
 - (ii) the number of Equity Incentive Shares granted this time and the incentive effects.
- (c) Grant Price of the Equity Incentive Shares at a discount or premium

The Grant Price of the Incentive Shares under the Equity Incentive Scheme represents approximately 32.22% of the aforementioned trading price of the Company’s H Shares, that is RMB10.47 per Share.

Management Discussion and Analysis

For the six months ended June 30, 2024, the changes in the Incentive Shares granted under the Equity Incentive Scheme are as follows:

Name/Category of Grantee	Date of Grant	Vesting Date (Unlocking Date)	Grant Price (RMB/ Share)	Balance of	Balance of	Granted during the Reporting Period	Vested	Cancelled during the Reporting Period	Lapsed	Balance of
				Incentive Shares Granted but not Vested as at January 1, 2024	Incentive Shares Granted and Vested as at January 1, 2024		(Unlocked) during the Reporting Period		during the Reporting Period	Incentive Shares Granted but not Vested as at June 30, 2024
<i>Director</i>										
Ms. WANG Lianyue	June 18, 2021	June 28, 2022	10.47	-	248,328	-	-	-	-	-
<i>Supervisor</i>										
Mr. XIE Tiefan	June 18, 2021	June 28, 2022	10.47	-	4,776	-	-	-	-	-
<i>Others</i>										
Mr. XU Yi (spouse of Ms. WANG Hongyue)	June 18, 2021	June 28, 2022	10.47	-	28,653	-	-	-	-	-
Ms. WANG Hongyue (younger sister of Ms. WANG Lianyue)	June 18, 2021	June 28, 2022	10.47	-	95,511	-	-	-	-	-
Ms. WANG Biyu (Resigned) (niece of Ms. WANG Lianyue and Ms. WANG Hongyue)	June 18, 2021	June 28, 2022	10.47	-	4,776	-	-	-	-	-
Ms. XU Qunyan (Resigned) (younger sister of Mr. XU Yi)	June 18, 2021	June 28, 2022	10.47	-	4,776	-	-	-	-	-
Mr. GUAN Weilu (younger brother of Mr. GUAN Weili)	June 18, 2021	June 28, 2022	10.47	-	19,102	-	-	-	-	-
Mr. SUN Fangjun (Resigned)	June 18, 2021	June 28, 2022	10.47	-	14,327	-	-	-	-	-
Mr. SUN Hongbo (nephew of Ms. WANG Lianyue and Ms. WANG Hongyue)	June 18, 2021	June 28, 2022	10.47	-	30,563	-	-	-	-	-
Ms. ZHANG Linghui (Resigned) (sister-in-law of Mr. GUAN Weili)	June 18, 2021	June 28, 2022	10.47	-	4,776	-	-	-	-	-

Management Discussion and Analysis

Name/Category of Grantee	Date of Grant	Vesting Date (Unlocking Date)	Grant Price (RMB/ Share)	Balance of	Balance of	Granted during the Reporting Period	Vested (Unlocked) during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Balance of
				Incentive Shares Granted but not Vested as at January 1, 2024	Incentive Shares Granted and Vested as at January 1, 2024					Incentive Shares Granted but not Vested as at June 30, 2024
Senior management (total)	August 20, 2018	June 28, 2022	10.47	-	133,715	-	-	-	-	-
	April 16, 2021	June 28, 2022	10.47	-	47,755	-	-	-	-	-
Core technical personnel and other employees (total)	August 20, 2018	June 28, 2022	10.47	-	1,605,540	-	-	-	-	-
	August 26, 2019	June 28, 2022	10.47	-	180,516	-	-	-	-	-
	April 16, 2021	June 28, 2022	10.47	-	36,886	-	-	-	-	-
Total				-	2,460,000	-	-	-	-	-

As the Equity Incentive Scheme only involved the Domestic Shares of the Company, the closing price of the Shares immediately before the date on which the awards were granted is not applicable.

H Share Award and Trust Scheme

To attract, motivate and retain extensively skilled and experienced “core backbone members of the technicians and management” to continuously strive for the continuing operation and development of the Company in the future, in accordance with the requirements of the Company Law and other relevant laws, administrative regulations, regulatory documents and the Articles of Association, the Company has formulated the H Share Award and Trust Scheme, which was considered and approved by the 2023 first extraordinary shareholders’ general meeting of the Company convened on September 27, 2023. Unless the context otherwise requires, terms used hereinafter shall have the same meanings as those defined in the circular of the Company dated September 8, 2023 and the announcements of the Company dated September 27, 2023, April 12, 2024, April 23, 2024 and June 18, 2024.

Management Discussion and Analysis

Pursuant to the H Share Award and Trust Scheme, a trust deed will be entered into between the Company and the trustee. Pursuant to the trust deed, the trust will be constituted to service the H Share Award and Trust Scheme whereby the trustee shall assist with the administration of the scheme and shall, subject to the relevant provisions of the trust deed and upon the instruction of the Company, acquire H Shares through on-market transactions and such Shares shall be acquired by the trust through the funds transferred by the Company and shall be retained and disposed of by the trustee at the Company's instructions. Such H Shares under the scheme shall not exceed 5% (being 3,730,015 shares) of the total share capital of the Company following the date on which the mandate of the scheme is approved or at the date on which the approval of updating the limit is obtained. The awards granted to the selected participants shall be held by the trustee on trust for the benefit of the selected participants, and the trustee shall, for the purposes of vesting of the award and upon the instruction of the Board and/or the Delegatee, release from the trust the award Shares to the selected participants or sell the number of award Shares so vested through on-market transactions at the prevailing market price and pay the selected participants the proceeds arising from such sale in accordance with rules and relevant provisions under the trust deed.

In respect of the H Share Award and Trust Scheme, the selected participants (including connected persons) of the first actual grant comprised a total of 36 persons, with 364,100 award Shares granted. The selected participants (including connected persons) of the second phase of the actual grant comprised a total of 36 persons, with 616,000 award Shares granted. The selected participants (including connected persons) of the third phase of the actual grant comprised a total of 52 persons, with 335,000 award Shares granted. As of the date of this Interim Report, a total of 7 participants exited, corresponding to a total of 75,000 award Shares. As of the date of this Interim Report, the selected participants of the actual grant under the H Share Award and Trust Scheme comprised 101 persons, and a total of 1,240,100 award Shares have been granted. The award Shares granted accounted for 1.66% of the total issued share capital of the Company as of the date of this Interim Report. For details of the grant plan, please refer to the circular of the Company dated September 8, 2023 and the announcements of the Company dated September 27, 2023, April 12, 2024, April 23, 2024 and June 18, 2024.

Corporate Governance and Other Information

CORPORATE GOVERNANCE

During the Reporting Period and up to the date of this interim report, the Company has complied with all code provisions in the CG Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as a code of conduct of the Company for its Directors' and Supervisors' transactions on the Company's securities. Based on specific enquiries to all Directors and Supervisors, the Directors and the Supervisors have complied with the requirements set out in the Model Code during the period from January 1, 2024 to June 30, 2024 and up to the date of this interim report.

The Company minimizes the scope of insiders before publication of such inside information. Employees who are, or likely to be, in possession of unpublished inside information in relation to the Company or the Shares are prohibited from dealing in the Shares during the black-out period. The Company will file relevant information of such employees, including but not limited to the inside information, personal identity, securities account, the department such employees serve and their responsibilities, for Company's internal check and relevant regulatory authorities' inquiries. If such employees violate relevant laws and regulations, the Company will make the punishment decisions or transfer them to the judicial organs for handling in accordance with the law, in accordance with the seriousness of the case.

ACCOUNTING STANDARDS

The Company has been applying the China Accounting Standards for Business Enterprises since the financial year of 2017, and has complied with the disclosure requirements required in the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance").

ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises – Basic Standard and specific accounting standards and relevant rules issued by the Ministry of Finance of the PRC (the "Ministry of Finance") on February 15, 2006.

The financial statements are prepared and has disclosed relevant financial information in accordance with the requirements of the Accounting Standard for Business Enterprises No. 32 – Interim Financial Report issued by the Ministry of Finance. The Group's accounting policies applied in preparing the financial statements are consistent with those policies applied in the financial statements for the year ended 2023. The interim financial statements shall be read together with the financial statements for the year ended 2023 of the Group.

The financial statements are prepared on a going concern basis. The new Companies Ordinance became effective in March 3, 2014. Certain related matters in the financial statements have been disclosed according to requirements of the Companies Ordinance.

Corporate Governance and Other Information

AUDIT COMMITTEE AND REVIEW OF THE INTERIM REPORT AND THE INTERIM RESULTS

The Company established the Audit Committee in compliance with Rule 3.21 and Rule 3.22 of the Hong Kong Listing Rules and with written terms of reference in compliance with the CG Code and the roles and the responsibilities delegated to the Audit Committee by the Board. As of June 30, 2024, the Audit Committee consists of two independent non-executive Directors, Ms. ZHONG Wentang (the chairlady of the Audit Committee) and Ms. JIN Ling, and one non-executive Director, Mr. LI Changhao. The Audit Committee has reviewed this interim report and the Group's unaudited financial information for the six months ended June 30, 2024 and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

INTERIM DIVIDEND

The Board recommends the payment of the Proposed Interim Dividend. Based on the total share capital before the record date determined by the implementation of the 2024 interim profit distribution plan (excluding the number of Shares repurchased but not cancelled by the Company), a cash dividend of RMB1.50 (tax inclusive) per 10 shares will be distributed to all Shareholders. As at the disclosure date of the "INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024" of the Company, the total share capital of the Company is 74,600,300 Shares. Excluding 751,900 H Shares that have been repurchased but not cancelled by the Company, the total cash dividend to be distributed is provisionally calculated to be RMB11,077,260 (tax inclusive), representing 21.81% of the net profit attributable to shareholders of the parent company as set out in the consolidated statement of accounts for the Reporting Period. The Proposed Interim Dividend will be denominated and declared in RMB. The holders of Domestic Shares will be paid in RMB and the holders of H Shares will be paid in Hong Kong dollars. The exchange rate for the Proposed Interim Dividend to be paid in Hong Kong dollars will be the mean of the exchange rates of Hong Kong dollars to RMB as announced by the People's Bank of China during the five business days prior to the date of declaration of the Proposed Interim Dividend (i.e. the date of convening the EGM of the Company). The proposal for payment of 2024 interim dividend is subject to the consideration and approval at the EGM of the Company.

Subject to the approval of the Proposed Interim Dividend by the Shareholders at the forthcoming EGM, the Proposed Interim Dividend is expected to be paid not later than November 18, 2024.

Corporate Governance and Other Information

In accordance with the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) and its implementation regulations which came into effect on January 1, 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the register of members for H Shares when distributing the cash dividends. Any H Shares not registered under the name of an individual Shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organizations or groups, shall be deemed as Shares held by non-resident enterprise Shareholders. Therefore, enterprise income tax shall be withheld from dividends payable to such Shareholders. If holders of H Shares intend to change its Shareholder status, please enquire about the relevant procedures with the agents or trustees. The Company will strictly comply with the law or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant Shareholders based on the register of members for H Shares as of the Record Date.

If the individual holders of H Shares are Hong Kong or Macau residents or residents of the countries which had an agreed tax rate of 10% for the cash dividends paid to them with the PRC under the relevant tax agreements, the Company should withhold and pay individual income tax on behalf of the relevant Shareholders at a rate of 10%. Should the individual holders of H Shares be residents of the countries which had an agreed tax rate of less than 10% with the PRC under the relevant tax agreement, the Company shall withhold and pay individual income tax on behalf of the relevant Shareholders at a rate of 10%. In this case, if the relevant individual holders of H Shares wish to reclaim the extra amount withheld due to the application of 10% tax rate, the Company can apply for it on behalf of the holders according to the relevant agreed preferential tax treatment. The relevant Shareholders shall submit the evidence required by the notice of the tax agreement to Computershare Hong Kong Investor Services Limited. The Company will assist with the tax refund after the approval of the competent tax authority. Should the individual holders of H Shares be residents of the countries which had an agreed tax rate of over 10% but less than 20% with the PRC under the tax agreement, the Company shall withhold and pay the individual income tax on behalf of the holders at the agreed actual rate in accordance with the relevant tax agreement. In the case that the individual holders of H Shares are residents of the countries which had an agreed tax rate of 20% with the PRC under the tax agreement, or which has not entered into any tax agreement with the PRC, or otherwise, the Company shall withhold and pay the individual income tax on behalf of the holders at a rate of 20%.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As of June 30, 2024, the Group did not hold any treasury shares.

Corporate Governance and Other Information

CHANGE IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There have been no changes in the Directors, Supervisors and senior management of the Company during the Reporting Period and up to the date of this interim report.

EVENTS AFTER THE REPORTING PERIOD

There have been no major subsequent events occurred to the Group from the end of Reporting Period to the date of this interim report.

CHANGE IN DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S BIOGRAPHICAL DETAILS

Set out below are the changes in the Directors', the Supervisors' and the chief executive's biographical details between the period of January 1, 2024 to June 30, 2024 and up to the date of this interim report, which are required to be disclosed pursuant to Rule 13.51B of the Hong Kong Listing Rules:

Name	Members of the Group	Positions held at members of the Group	Term of office
WANG Lianyue	Wenzhou Gaopin Fangzhou Hospital Co., Ltd.	Executive Director, Manager	From May 2024 to present
WANG Jian	Zhejiang Yining Geriatric Hospital Management Co., Ltd.	Executive Director	From April 2024 to present

Save as disclosed above, the Company is not aware of other changes in the Directors', the Supervisors' or the chief executive's biographical details which are required to be disclosed pursuant to Rule 13.51B of the Hong Kong Listing Rules.

Corporate Governance and Other Information

DISCLOSURE OF INTERESTS

Directors', Supervisors' and Chief Executive's Interests in Securities

As of June 30, 2024, the interests and short positions of the Directors, the Supervisors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which shall be recorded in the register maintained by the Company under Section 352 of the SFO, or which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Class of Shares	Nature of Interest	Number of Shares	Total Number of Shares	Approximate Percentage in Shares of the Same Class ⁽¹⁾	Approximate Percentage of the Company's Total Issued Shares ⁽¹⁾
Mr. GUAN Weili ⁽²⁾	Domestic Shares	Beneficial owner	18,350,250(L)	22,044,750(L)	39.89%	29.55%
		Interest of spouse	3,694,500(L)			
Ms. WANG Lianyue ⁽²⁾	Domestic Shares	Beneficial owner	3,694,500(L)	22,044,750(L)	39.89%	29.55%
		Interest of spouse	18,350,250(L)			
	H Shares	Beneficial owner	149,300(L)	149,300(L)	0.77%	0.20%
Mr. WANG Jian	Domestic Shares	Beneficial owner	100,000(L)	100,000(L)	0.18%	0.13%
		H Shares	Beneficial owner	159,100(L)	159,100(L)	0.82%
Mr. XU Yongjiu ⁽³⁾	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	4,540,000(L)	8.22%	6.09%

Notes:

(L): Long position

(1) The shareholding percentages are calculated on the basis of 55,260,000 Domestic Shares and 19,340,300 H Shares (an aggregate of 74,600,300 Shares) issued by the Company as of June 30, 2024.

(2) Mr. GUAN Weili is the spouse of Ms. WANG Lianyue and therefore, Mr. GUAN Weili is deemed to be interested in the Domestic Shares held by Ms. WANG Lianyue, and Ms. WANG Lianyue is deemed to be interested in the Domestic Shares held by Mr. GUAN Weili by virtue of Part XV of the SFO.

(3) Mr. XU Yongjiu holds 50% equity interest in Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)) and Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership). Therefore, by virtue of Part XV of the SFO, Mr. XU Yongjiu is deemed to be interested in all the Domestic Shares held by the above partnerships in the Company.

Corporate Governance and Other Information

Save as disclosed above, as of June 30, 2024, to the knowledge of the Board, none of the Directors, the Supervisors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, the Supervisors and the chief executives of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Interests of Substantial Shareholders

As of June 30, 2024, according to the register kept by the Company pursuant to Section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons/entities (other than the Directors, the Supervisors or the chief executive of the Company) had interests or short positions which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of the Company:

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate Percentage in Shares of the Same Class ⁽¹⁾	Approximate Percentage of the Company's Total Issued Shares Capital ⁽¹⁾
Central Enterprises Rural Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司)	Domestic Shares	Beneficial owner	7,466,666(L)	13.51%	10.00%
Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)) ⁽²⁾	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	8.22%	6.09%
FAN Yin ⁽²⁾	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	8.22%	6.09%
SUN Jian ⁽²⁾	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	8.22%	6.09%

Corporate Governance and Other Information

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate Percentage in Shares of the Same Class ⁽¹⁾	Approximate Percentage of the Company's Total Issued Shares Capital ⁽¹⁾
Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) ⁽²⁾	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	8.22%	6.09%
Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥))	Domestic Shares	Beneficial owner	4,540,000(L)	8.22%	6.09%
XU Yi ⁽⁶⁾	Domestic Shares	Interest of spouse	3,984,350(L)	7.21%	5.34%
Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥))	Domestic Shares	Beneficial owner	4,519,003(L)	8.18%	6.06%
Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) ⁽³⁾	Domestic Shares	Interest in a controlled corporation	4,519,003(L)	8.18%	6.06%
LIN Lijun	Domestic Shares	Interest in a controlled corporation	6,506,309(L)	11.77%	8.72%
Shanghai Loyal Valley Investment Management Co., Limited (上海正心谷投資管理有限公司) (formally know as Shanghai Shengge Investment Management Co., Ltd. (上海盛歌投資管理有限公司)) ⁽⁴⁾	Domestic Shares	Interest in a controlled corporation	6,506,309(L)	11.77%	8.72%
Wind Information Co., Ltd. (萬得信息技術股份有限公司)	Domestic Shares	Interest in a controlled corporation	3,333,000(L)	6.03%	4.47%
Shanghai Hehuayuan Enterprise Management Center (Limited Partnership) (上海荷花緣企業管理中心(有限合夥))	Domestic Shares	Interest in a controlled corporation	3,333,000(L)	6.03%	4.47%

Corporate Governance and Other Information

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate Percentage in Shares of the Same Class ⁽¹⁾	Approximate Percentage of the Company's Total Issued Shares Capital ⁽¹⁾
Wind Impact Equity Investment (Jiaxing) Partnership (Limited Partnership) ("Wind Investment") (萬得影響力股權投資(嘉興)合夥企業(有限合夥))	Domestic Shares	Beneficial owner	3,333,000(L)	6.03%	4.47%
CITIC Securities Investment Limited (中信證券投資有限公司)	Domestic Shares	Beneficial owner	2,780,000(L)	5.03%	3.73%
CITIC Securities Company Limited (中信證券股份有限公司) ⁽⁵⁾	Domestic Shares	Interest in a controlled corporation	2,780,000(L)	5.03%	3.73%
OrbiMed Advisors LLC	H Shares	Investment manager	1,454,000(L)	7.52%	1.95%
OrbiMed Capital LLC	H Shares	Investment manager	2,150,900(L)	11.12%	2.88%
OrbiMed Partners Master Fund Limited	H Shares	Beneficial owner	1,279,900(L)	6.62%	1.72%
OrbiMed Partners II, L.P.	H Shares	Beneficial owner	1,052,000(L)	5.44%	1.41%
UBS Group AG	H Shares	Interest in a controlled corporation	1,029,400(L)	5.32%	1.38%
ZOU Haili (鄒海麗)	H Shares	Beneficial owner	1,680,000(L)	8.69%	2.25%
WANG Hongyue ⁽⁶⁾	Domestic Shares	Beneficial owner	3,984,350(L)	7.21%	5.34%
	H Shares	Beneficial owner	309,000(L)	1.60%	0.41%
Kangning Success Holding Limited	H Shares	Interest in a controlled corporation	1,547,500(L)	8.00%	2.07%
Trident Trust Company (HK) Limited	H Shares	Trustee	1,547,500(L)	8.00%	2.07%

Corporate Governance and Other Information

Notes:

(L): Long position

- (1) The shareholding percentages are calculated on the basis of 55,260,000 Domestic Shares and 19,340,300 H Shares (an aggregate of 74,600,300 Shares) issued by the Company as at June 30, 2024.
- (2) FAN Yin holds 50% equity interest in Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)) and Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)). SUN Jian holds 33.94% equity interest in Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)). Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership). Therefore, by virtue of Part XV of the SFO, FAN Yin, Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)), SUN Jian and Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) were deemed to be interested in all the Domestic Shares held by Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)) in the Company.
- (3) Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) holds 99.99% equity interest in Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)). Therefore, by virtue of Part XV of the SFO, Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) is deemed to be interested in all the Domestic Shares held by Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)) in the Company.
- (4) Shanghai Loyal Valley Investment Management Co., Limited (上海正心谷投資管理有限公司) (formally know as Shanghai Shengge Investment Management Co., Ltd. (上海盛歌投資管理有限公司)) is a general partner of Shanghai Qiangang Investment Management Partnership (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) and Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)). Therefore, by virtue of Part XV of the SFO, Shanghai Loyal Valley Investment Management Co., Limited is deemed to be interested in all the Domestic Shares held by Shanghai Qiangang Investment Management Partnership (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) (which directly holds 1,987,356 Domestic Shares of the Company) and Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)) in the Company.
- (5) CITIC Securities Investment Limited (中信證券投資有限公司) is wholly held by CITIC Securities Company Limited. Therefore, by virtue of Part XV of the SFO, CITIC Securities Company Limited is deemed to be interested in all the Domestic Shares held by CITIC Securities Investment Limited (中信證券投資有限公司) in the Company.
- (6) Mr. XU Yi is the spouse of Ms. WANG Hongyue. Mr. XU Yi is deemed to be interested in the Domestic Shares held by Ms. WANG Hongyue by virtue of Part XV of the SFO.

Corporate Governance and Other Information

Save as disclosed above, as at June 30, 2024, to the knowledge of the Directors, no other person (other than a Director, a Supervisor or chief executive of the Company) had, or was deemed or taken to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

By order of the Board
Wenzhou Kangning Hospital Co., Ltd.
Chairman
GUAN Weili

Zhejiang, the PRC
September 16, 2024

Consolidated Balance Sheets

June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note IV	Balance as at the end of the period	Balance as at the end of the previous year
Current assets:			
Cash at bank and on hand	(i)	373,302,433.47	418,861,721.39
Settlement deposits			
Placements with banks and other financial institutions			
Financial assets held for trading	(ii)	7,599,178.13	7,350,298.53
Derivative financial asset			
Notes receivable	(iii)	763,849.74	
Accounts receivable	(iv)	448,102,421.02	420,441,069.56
Receivables financing			
Advances to suppliers	(v)	2,366,951.74	9,830,552.98
Premium receivable			
Reinsurance accounts receivable			
Provision for reinsurance contract receivable			
Other receivables	(vi)	69,943,027.66	69,705,728.98
Financial assets purchased for resale			
Inventories	(vii)	51,889,640.76	60,600,180.25
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	(viii)	3,053,787.78	858,020.39
Total current assets		957,021,290.30	987,647,572.08

Consolidated Balance Sheets

June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note IV	Balance as at the end of the period	Balance as at the end of the previous year
Non-current assets:			
Granted loans and advances			
Debt investments			
Other debt investments			
Long-term accounts receivable	(ix)	14,000,000.00	14,000,000.00
Long-term equity investments	(x)	141,550,815.01	139,071,987.05
Investments in other equity instruments			
Other non-current financial assets	(xi)	64,751,652.55	65,099,055.34
Investment properties			
Fixed assets	(xii)	782,127,103.00	794,856,342.94
Construction in progress	(xiii)	234,034,296.61	186,980,240.67
Productive biological assets			
Oil and gas assets			
Right-of-use assets	(xiv)	170,465,125.54	189,054,506.68
Intangible assets	(xv)	307,875,476.38	320,321,705.16
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill	(xvi)	119,909,089.24	119,909,089.24
Long-term prepaid expenses	(xvii)	156,750,581.45	175,910,626.14
Deferred tax assets	(xviii)	44,940,518.91	45,146,270.60
Other non-current assets	(xix)	14,925,823.45	9,689,210.94
Total non-current assets		2,051,330,482.14	2,060,039,034.76
Total assets		3,008,351,772.44	3,047,686,606.84

The accompanying notes form an integral part of these financial statements.

Legal representative:
GUAN Weili

Principal in charge of accounting:
JIN Hui

Head of accounting department:
WANG Minhui

Consolidated Balance Sheets

June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note IV	Balance as at the end of the period	Balance as at the end of the previous year
Current liabilities:			
Short-term borrowings	(xxi)	111,000,000.00	127,001,700.00
Borrowings from the central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading	(xxii)	12,400,000.00	12,400,000.00
Derivative financial liabilities			
Notes payable			1,545,021.09
Accounts payable	(xxiii)	112,544,938.03	110,060,007.67
Receipts in advance	(xxiv)	26,157,511.69	26,563,603.06
Contract liabilities	(xxv)	92,924.53	
Financial assets sold under repurchase agreements			
Receipt of deposits and deposits from other banks			
Funds received as agent of stock exchange			
Funds received as stock underwriter			
Employee benefits payable	(xxvi)	67,014,464.52	84,324,006.40
Taxes payable	(xxvii)	30,855,445.81	38,553,746.47
Other payables	(xxviii)	68,487,137.05	150,270,575.15
Fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	(xxix)	108,286,381.25	250,411,756.99
Other current liabilities	(xxx)	569,425.21	
Total current liabilities		537,408,228.09	801,130,416.83
Non-current liabilities:			
Provision for insurance contracts			
Long-term borrowings	(xxxi)	768,224,669.65	557,719,214.69
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	(xxxii)	158,912,952.10	163,239,532.76
Long-term payables	(xxxiii)	64,227,913.88	61,351,340.53
Long-term employee benefits payables			
Provisions			
Deferred income	(xxxiv)	8,582,203.00	8,734,099.00
Deferred tax liabilities	(xviii)	44,533,949.56	47,306,056.21
Other non-current liabilities			
Total non-current liabilities		1,044,481,688.19	838,350,243.19

Consolidated Balance Sheets

June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note IV	Balance as at the end of the period	Balance as at the end of the previous year
Total liabilities		1,581,889,916.28	1,639,480,660.02
Shareholders' equity:			
Share capital	(xxxv)	74,600,300.00	74,600,300.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital surplus	(xxxvi)	840,753,480.74	852,695,601.69
Less: Treasury stock	(xxxvii)	3,146,832.71	12,587,011.74
Other comprehensive income			
Special reserves			
Surplus reserves	(xxxviii)	38,399,577.13	38,399,577.13
Provision for general risks			
Retained earnings	(xxxix)	340,299,883.36	311,956,229.16
Total equity attributable to shareholders of the parent company		1,290,906,408.52	1,265,064,696.24
Non-controlling interests		135,555,447.64	143,141,250.58
Total shareholders' equity		1,426,461,856.16	1,408,205,946.82
Total liabilities and shareholders' equity		3,008,351,772.44	3,047,686,606.84

The accompanying notes form an integral part of these financial statements.

Legal representative:
GUAN Weili

Principal in charge of accounting:
JIN Hui

Head of accounting department:
WANG Minhui

Parent Company Balance Sheets

June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note XIV	Balance as at the end of the period	Balance as at the end of the previous year
Current assets:			
Cash at bank and on hand		167,239,404.12	186,837,559.21
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	(i)	55,989,746.68	48,066,557.69
Receivables financing			
Advances to suppliers		6,900.00	228,131.12
Other receivables	(ii)	622,922,583.60	600,448,325.58
Inventories		9,687,901.11	11,181,002.59
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		355,000.00	330,000.00
Total current assets		856,201,535.51	847,091,576.19

Parent Company Balance Sheets

June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note XIV	Balance as at the end of the period	Balance as at the end of the previous year
Non-current assets:			
Debt investments			
Other debt investments			
Long-term accounts receivables			
Long-term equity investments	(iii)	793,380,629.16	785,983,439.17
Investments in other equity instruments			
Other non-current financial assets		64,751,652.55	65,099,055.34
Investment properties			
Fixed assets		283,949,624.57	288,701,322.35
Construction in progress		394,874.50	113,600.00
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		23,105,075.42	23,680,002.23
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill			
Long-term prepaid expenses		16,120,799.75	18,459,271.72
Deferred tax assets		16,099,597.14	14,608,690.36
Other non-current assets		14,472,217.77	6,320,388.26
Total non-current assets		1,212,274,470.86	1,202,965,769.43
Total assets		2,068,476,006.37	2,050,057,345.62

The accompanying notes form an integral part of these financial statements.

Legal representative:
GUAN Weili

Principal in charge of accounting:
JIN Hui

Head of accounting department:
WANG Minhui

Parent Company Balance Sheets

June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note XIV	Balance as at the end of the period	Balance as at the end of the previous year
Current liabilities:			
Short-term borrowings		111,000,000.00	125,000,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		37,382,041.07	33,774,329.53
Receipts in advance		3,483,707.09	4,172,410.35
Contract liabilities			
Employee benefits payable		16,652,661.89	20,572,854.31
Taxes payable		2,812,623.38	1,603,746.33
Other payables		42,052,422.61	38,919,608.73
Liabilities held for sale			
Non-current liabilities due within one year		59,854,608.34	173,615,500.00
Other current liabilities			
Total current liabilities		273,238,064.38	397,658,449.25
Non-current liabilities:			
Long-term borrowings		506,300,000.00	362,042,127.25
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables		16,710,574.36	25,855,234.63
Long-term employee benefits payables			
Provisions			
Deferred income		8,582,203.00	8,734,099.00
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		531,592,777.36	396,631,460.88
Total liabilities		804,830,841.74	794,289,910.13

Parent Company Balance Sheets

June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note XIV	Balance as at the end of the period	Balance as at the end of the previous year
Shareholders' equity:			
Share capital		74,600,300.00	74,600,300.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital surplus		862,663,919.13	871,230,628.64
Less: Treasury stock		3,146,832.71	12,587,011.74
Other comprehensive income			
Special reserves			
Surplus reserves		38,399,577.13	38,399,577.13
Retained earnings		291,128,201.08	284,123,941.46
Total shareholders' equity		1,263,645,164.63	1,255,767,435.49
Total liabilities and shareholders' equity		2,068,476,006.37	2,050,057,345.62

The accompanying notes form an integral part of these financial statements.

Legal representative:
GUAN Weili

Principal in charge of accounting:
JIN Hui

Head of accounting department:
WANG Minhui

Consolidated Income Statement

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note IV	Amount for the current period	Amount for the previous period
I. Total revenue	(xl)	828,957,553.71	777,925,163.84
Including: Revenue	(xl)	828,957,553.71	777,925,163.84
Interest income			
Premium income			
Fees and commission income			
II. Total cost of sales		766,642,937.50	724,044,723.76
Including: Cost of sales	(xl)	602,800,461.11	576,390,595.76
Interest expense			
Fees and commissions expenses			
Surrenders			
Net claims expenses			
Net provisions for insurance contracts reserve			
Insurance policy dividend paid			
Reinsurance costs			
Taxes and surcharges	(xli)	6,268,298.95	2,783,861.65
Selling and distribution expenses	(xlii)	9,249,266.44	7,828,610.00
General and administrative expenses	(xlili)	106,271,383.70	101,924,026.76
Research and development expenses	(xliv)	17,588,076.15	14,957,995.63
Financial expenses	(xlv)	24,465,451.15	20,159,633.96
Including: Interest expenses		23,323,466.98	19,182,137.46
Interest income		2,686,209.46	2,704,831.09
Add: Other income	(xlvi)	5,588,263.28	5,822,495.15
Investment income (losses represented with "-" signs)	(xlvii)	1,680,199.57	-195,725.93
Including: Investment income from associates and joint ventures		478,827.96	-157,522.45
Derecognition income of financial assets measured at the amortized cost			
Foreign exchange gains (losses represented with "-" signs)			
Gains from net exposure hedges (losses represented with "-" signs)			
Gains from changes in fair value (losses represented with "-" signs)	(xlviii)	-98,523.19	
Credit impairment losses (losses represented with "-" signs)	(xlix)	-5,584,264.01	-3,009,926.77
Asset impairment losses (losses represented with "-" signs)			
Gains from disposal of assets (losses represented with "-" signs)	(l)	-74,985.41	

Consolidated Income Statement

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note IV	Amount for the current period	Amount for the previous period
III. Operating profit (losses represented with “-” sign)		63,825,306.45	56,497,282.53
Add: Non-operating income	(li)	503,489.95	5,924,960.98
Less: Non-operating expenses	(lii)	2,816,219.76	2,215,131.37
IV. Total profit (total losses represented with “-” signs)		61,512,576.64	60,207,112.14
Less: Income tax expenses	(liii)	16,516,143.35	11,477,880.07
V. Net profit (net losses represented with “-” signs)		44,996,433.29	48,729,232.07
(i) Classification by continuity of operations			
1. Net profit from continuing operations (net losses represented with “-” signs)		44,996,433.29	48,729,232.07
2. Net profit from discontinued operations (net losses represented with “-” signs)			
(ii) Classification by ownership of the equity			
1. Net profit attributable to shareholders of the parent company (net losses represented with “-” signs)		50,723,744.20	43,750,057.46
2. Profit or loss attributable to non-controlling interests (net losses represented with “-” signs)		-5,727,310.91	4,979,174.61
VI. Other comprehensive income, net of tax			
Other comprehensive income attributable to shareholders of the parent company, net of tax			
(i) Other comprehensive income that cannot be reclassified to profit and loss			
1. Changes arising from remeasurement of defined benefit plan			
2. Other comprehensive income cannot be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value due to the enterprise’s own credit risk			

Consolidated Income Statement

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note IV	Amount for the current period	Amount for the previous period
(ii) Other comprehensive income that can be reclassified to profit and loss			
1. Other comprehensive income that can be reclassified to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Credit impairment provisions for other debt investments			
5. Reserves for cash flow hedges			
6. Exchange difference on translation of financial statements in foreign currencies			
7. Others			
Other comprehensive income attributable to non-controlling interests, net of tax			
VII. Total comprehensive income		44,996,433.29	48,729,232.07
Attributable to shareholders of the parent company		50,723,744.20	43,750,057.46
Attributable to non-controlling interests		-5,727,310.91	4,979,174.61
VIII. Earnings per share:			
(i) Basic (RMB per share)	(liv)	0.68	0.59
(ii) Diluted (RMB per share)	(liv)	0.68	0.59

The accompanying notes form an integral part of these financial statements.

Legal representative:
GUAN Weili

Principal in charge of accounting:
JIN Hui

Head of accounting department:
WANG Minhui

Parent Company Income Statement

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note XIV	Amount for the current period	Amount for the previous period
I. Revenue	(iv)	193,286,941.03	176,204,799.00
Less: Cost of sales	(iv)	130,785,130.41	130,786,397.79
Taxes and surcharges		3,245,018.31	140,434.74
Selling and distribution expenses		421,415.53	613,098.03
General and administrative expenses		33,439,820.06	42,010,452.24
Research and development expenses		12,778,787.81	9,690,626.11
Financial expenses		7,528,437.05	8,063,326.82
Including: Interest expenses		13,692,407.18	11,787,407.21
Interest income		8,491,601.94	6,124,076.98
Add: Other income		2,425,821.83	1,314,851.41
Investment income (losses represented with “-” signs)	(v)	14,189,338.60	-775,547.72
Including: Investment income from associates and joint ventures		128,019.62	816,165.55
Derecognition income of financial assets measured at the amortized cost			
Gains from net exposure hedges (losses represented with “-” signs)			
Gains from changes in fair value (losses represented with “-” signs)		-347,402.79	
Credit impairment losses (losses represented with “-” signs)		6,859,241.73	114,004.00
Asset impairment losses (losses represented with “-” signs)			
Gains from disposal of assets (losses represented with “-” signs)			
II. Operating profit (losses represented with “-” signs)		28,215,331.23	-14,446,229.04
Add: Non-operating income			5,600,210.07
Less: Non-operating expenses		321,888.39	1,517,392.82
III. Total profit (total losses represented with “-” signs)		27,893,442.84	-10,363,411.79
Less: Income tax expense		-1,490,906.78	-1,686,567.50
IV. Net profit (net losses represented with “-” signs)		29,384,349.62	-8,676,844.29
(i) Net profit from continuing operations (net losses represented with “-” signs)		29,384,349.62	-8,676,844.29
(ii) Net profit from discontinued operations (net losses represented with “-” signs)			

Parent Company Income Statement

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note XIV	Amount for the current period	Amount for the previous period
V. Other comprehensive income, net of tax			
(i) Other comprehensive income that cannot be reclassified to profit and loss			
1. Changes arising from remeasurement of defined benefit plan			
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value due to the enterprise's own credit risk			
(ii) Other comprehensive income that can be reclassified to profit or loss			
1. Other comprehensive income that can be reclassified to profit or loss under the equity method method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Credit impairment provisions for other debt investments			
5. Reserves for cash flow hedges			
6. Exchange difference on translation of financial statements in foreign currencies			
7. Others			
VI. Total comprehensive income		29,384,349.62	-8,676,844.29
VII. Earnings per share:			
(i) Basic (RMB per share)			
(ii) Diluted (RMB per share)			

The accompanying notes form an integral part of these financial statements.

Legal representative:
GUAN Weili

Principal in charge of accounting:
JIN Hui

Head of accounting department:
WANG Minhui

Consolidated Cash Flow Statement

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		774,736,897.94	780,086,767.35
Net increase in customer deposits and interbank deposits			
Net increase in borrowing from central banks			
Net increase in placements from other financial institutions			
Cash received from original insurance contract premium			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received for interest, fees and commissions			
Net increase in placements from banks and other financial institutions			
Net increase in cash from repurchase business			
Net cash received from securities brokerage services			
Refund of taxes and levies			
Cash received relating to other operating activities		40,064,567.80	169,903,996.27
Sub-total of cash inflows of operating activities		814,801,465.74	949,990,763.62
Cash paid for goods and services		264,247,149.21	279,096,560.43
Net increase in customer loans and advances			
Net increase in deposits with central bank and other banks			
Cash paid for compensation under original insurance contract			
Net increase in placements with banks and other financial institutions			
Cash paid for interest, fees and commissions			
Cash paid for policyholders' dividends			
Cash paid to and on behalf of employees		329,971,885.59	300,131,941.56
Payments of taxes and surcharges		40,687,505.65	37,824,192.11
Cash paid relating to other operating activities		63,358,941.68	219,346,730.82
Sub-total of cash outflows of operating activities		698,265,482.13	836,399,424.92
Net cash flows from operating activities		116,535,983.61	113,591,338.70

Consolidated Cash Flow Statement

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Amount for the current period	Amount for the previous period
II. Cash flows from investing activities			
Cash received from disposal of investments			8,249,457.77
Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		644,865.42	26,383.01
Net cash received from disposal of subsidiaries and other business units		432,733.42	
Cash received relating to other investing activities			
Sub-total of cash inflows of investing activities		1,077,598.84	8,275,840.78
Cash paid to acquire fixed assets, intangible assets and other long- term assets		111,001,022.93	107,843,620.41
Cash paid to acquire investments		2,000,000.00	3,866,900.00
Net increase in pledged loans			
Net cash paid to acquire subsidiaries and other business units			15,187,013.06
Cash paid relating to other investing activities		787,500.00	500,059.94
Sub-total of cash outflows of investing activities		113,788,522.93	127,397,593.41
Net cash flows from investing activities		-112,710,924.09	-119,121,752.63
III. Cash flows from financing activities			
Cash received from capital contributions		5,210,500.00	2,845,000.00
Including: Cash received from capital contributions by non- controlling shareholders of subsidiaries		5,210,500.00	2,845,000.00
Cash received from borrowings		362,766,250.00	251,050,000.00
Cash received relating to other financing activities		22,800,000.00	
Sub-total of cash inflows of financing activities		390,776,750.00	253,895,000.00
Cash repayments of borrowings		304,772,127.25	109,630,000.00
Cash payments for distribution of dividends, profit or interest expenses		43,748,490.45	21,324,299.72
Including: Cash payments for distribution of dividends and profit by subsidiaries to noncontrolling shareholders		1,145,517.00	
Cash paid relating to other financing activities		83,915,997.58	113,150,442.74
Sub-total of cash outflows of financing activities		432,436,615.28	244,104,742.46
Net cash flows from financing activities		-41,659,865.28	9,790,257.54

Consolidated Cash Flow Statement

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Amount for the current period	Amount for the previous period
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-99,244.67	13,070.04
V. Net increase in cash and cash equivalents		-37,934,050.43	4,272,913.65
Add: Cash and cash equivalents at the beginning of the period		404,723,339.37	258,595,990.97
VI. Cash and cash equivalents at the end of the period		366,789,288.94	262,868,904.62

The accompanying notes form an integral part of these financial statements.

Legal representative:
GUAN Weili

Principal in charge of accounting:
JIN Hui

Head of accounting department:
WANG Minhui

Parent Company Cash Flow Statement

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		178,625,474.28	186,510,657.37
Refund of taxes and levies			
Cash received relating to other operating activities		334,259,258.00	491,763,058.70
Sub-total of cash inflows of operating activities		512,884,732.28	678,273,716.07
Cash paid for goods and services		66,197,024.94	80,195,550.90
Cash paid to and on behalf of employees		84,545,764.25	80,891,274.33
Payments of taxes and surcharges		2,949,959.92	438,877.67
Cash paid relating to other operating activities		338,808,072.60	463,041,604.81
Sub-total of cash outflows of operating activities		492,500,821.71	624,567,307.71
Net cash flows from operating activities		20,383,910.57	53,706,408.36
II. Cash flows from investing activities:			
Cash received from disposal of investments			16,657,744.50
Cash received from returns on investments		13,273,818.98	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		10,427.00	
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows of investing activities		13,284,245.98	16,657,744.50
Cash paid to acquire fixed assets, intangible assets and other long- term assets		1,277,334.63	1,691,749.51
Cash paid to acquire investments		7,200,000.00	29,166,900.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows of investing activities		8,477,334.63	30,858,649.51
Net cash flows from investing activities		4,806,911.35	-14,200,905.01

Parent Company Cash Flow Statement

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Amount for the current period	Amount for the previous period
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings		293,000,000.00	199,050,000.00
Cash received relating to other financing activities			
Sub-total of cash inflows of financing activities		293,000,000.00	199,050,000.00
Cash repayments of borrowings		276,792,127.25	101,150,000.00
Cash payments for distribution of dividends, profit or interest expenses		35,406,263.84	12,364,450.26
Cash paid relating to other financing activities		25,472,250.00	79,243,750.00
Sub-total of cash outflows of financing activities		337,670,641.09	192,758,200.26
Net cash flows from financing activities		-44,670,641.09	6,291,799.74
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-119,720.72	13,070.04
V. Net increase in cash and cash equivalents		-19,599,539.89	45,810,373.13
Add: Cash and cash equivalents at the beginning of the period		185,475,808.48	90,387,144.89
VI. Cash and cash equivalents at the end of the period		165,876,268.59	136,197,518.02

The accompanying notes form an integral part of these financial statements.

Legal representative:
GUAN Weili

Principal in charge of accounting:
JIN Hui

Head of accounting department:
WANG Minhui

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Amount for the current period													
	Share capital	Preferential shares	Perpetual bonds	Others	Capital reserve	Treasury stock	Less: comprehensive income	Special reserves	Surplus reserves	Provision for general risk	Retained earnings	Subtotal	Minority interests	Total owners' equity
I. Balance as at the end of the previous year	74,600,300.00				862,685,601.69	12,357,011.74		38,889,577.13	38,889,577.13		311,956,229.16	1,265,061,686.24	143,141,250.58	1,408,205,936.82
Add: Changes in accounting policies														
Correction of accounting errors in prior periods														
Business combinations under common control														
Others														
II. Balance as at the beginning of the current year	74,600,300.00				862,685,601.69	12,357,011.74		38,889,577.13	38,889,577.13		311,956,229.16	1,265,061,686.24	143,141,250.58	1,408,205,936.82
III. Increases/decreases in the current period (+/- for decreases)					-11,942,120.95	-9,440,179.03					28,343,654.20	25,841,712.28	-7,365,802.94	18,255,303.34
(i) Total comprehensive income											50,725,744.20	50,725,744.20	-5,727,310.91	44,998,433.29
(ii) Owner contribution and capital increase					-8,566,704.51	-9,440,179.03								
1. Common stock contributed by owners														
2. Capital invested by holders of other equity instruments					-9,334,383.19	-9,440,179.03								
3. Amounts of share-based payments recognized in owners' equity														
4. Others					767,673.68									767,673.68
(iii) Distribution of profits											-22,380,090.00	-22,380,090.00	-2,891,517.00	-25,271,607.00
1. Withdrawal of surplus reserves														
2. Withdrawal of provision for general risk														
3. Profit distributed to owners (or shareholders)														
4. Others														
(iv) Internal carry-forward of owners' equity											-22,380,090.00	-22,380,090.00	-2,891,517.00	-25,271,607.00
1. Conversion of capital reserves into paid-in capital (or state capital)														
2. Conversion of surplus reserves into paid-in capital (or state capital)														
3. Surplus reserves offsetting losses														
4. Carry-forward of charges in the defined benefit plan for related earnings														
5. Carry-forward of other comprehensive income for related earnings														
6. Others														
(v) Special reserves														
1. Withdrawal for the period					-3,375,411.44									-3,375,411.44
2. Usage for the period					640,733,480.74	3,146,832.71		38,889,577.13	38,889,577.13		340,299,883.36	1,290,906,408.32	133,555,447.64	1,426,461,656.16
(vi) Others														
IV. Balance as at the end of the period	74,600,300.00				840,743,480.74	3,146,832.71		38,889,577.13	38,889,577.13		340,299,883.36	1,290,906,408.32	133,555,447.64	1,426,461,656.16

The accompanying notes form an integral part of these financial statements.

Legal representative:
GUAN Weili

Principal in charge of accounting:
JIN Hui

Head of accounting department:
WANG Minhui

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Amount for the previous period										Total owners' equity			
	Share capital	Preferential shares	Perpetual bonds	Other equity instruments	Capital reserve	Treasury stock	Less: comprehensive income	Special reserves	Surplus reserves	Provision for general risk		Retained earnings	Subtotal	Minority interests
I. Balance as at the end of the previous year	74,600,300.00				865,076,533.30			38,889,577.13	233,506,534.43		233,506,534.43	1,201,634,944.86	124,377,673.97	1,325,992,618.83
Add: Changes in accounting policies														
Correction of accounting errors in prior periods														
Business combinations under common control														
Others														
II. Balance as at the beginning of the current year	74,600,300.00				865,076,533.30			38,889,577.13	233,506,534.43		233,506,534.43	1,201,634,944.86	124,377,673.97	1,325,992,618.83
III. Increases/decreases in the current period ^(a) for decreases					-2,382,931.61	12,387,011.74			78,449,694.73		78,449,694.73	63,479,751.38	18,823,576.61	82,303,327.99
(i) Total comprehensive income						12,387,011.74			86,947,806.64		86,947,806.64	66,947,806.64	983,801.18	88,931,607.82
(ii) Owner contribution and capital increase						12,387,011.74								
1. Common stock contributed by owners						12,387,011.74								
2. Capital invested by holders of other equity instruments														
3. Amounts of share-based payments recognized in owners' equity														
4. Others														
(iii) Distribution of profits														
1. Withdrawal of surplus reserves									-7,498,111.91	-7,498,111.91	-7,498,111.91	-2,880,920.88	-2,880,920.88	-10,389,032.79
2. Withdrawal of provision for general risk														
3. Profit distributed to owners (or shareholders)														
4. Others														
(iv) Internal carry-forward of owners' equity														
1. Conversion of capital reserves into paid-in capital (or state capital)														
2. Conversion of surplus reserves into paid-in capital (or state capital)														
3. Surplus reserves offsetting losses														
4. Carry-forward of changes in the defined benefit plan for related earnings														
5. Carry-forward of other comprehensive income for retained earnings														
6. Others														
(v) Special reserves														
1. Withdrawal for the period														
2. Usage for the period														
(vi) Others														
IV. Balance as at the end of the period	74,600,300.00				862,693,601.69	12,387,011.74		38,889,577.13	311,956,229.16		311,956,229.16	1,265,064,696.24	143,441,250.58	1,408,205,946.82

The accompanying notes form an integral part of these financial statements.

Legal representative:
GUAN Weili

Principal in charge of accounting:
JIN Hui

Head of accounting department:
WANG Minhui

Parent Company Statement of Changes in Shareholders' Equity

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Amount for the current period							Total owners' equity			
	Share capital	Preferential shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income		Special reserves	Surplus reserves	Retained earnings
I. Balance as at the end of the previous year	74,600,300.00				871,230,028.64	12,587,011.74			38,399,577.13	284,123,941.46	1,255,767,435.49
Add: Changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at the beginning of the current year	74,600,300.00				871,230,028.64	12,587,011.74			38,399,577.13	284,123,941.46	1,255,767,435.49
III. Increases/decreases in the current period ("+" for increases)					-8,566,709.51	-9,440,179.03			7,004,259.62	29,384,349.62	7,877,729.14
(i) Total comprehensive income					-8,566,709.51	-9,440,179.03			7,004,259.62	29,384,349.62	7,877,729.14
(ii) Owner contribution and capital decrease					-9,334,383.19	-9,440,179.03					873,469.52
1. Common stock contributed by owners											
2. Capital invested by holders of other equity instruments											105,795.84
3. Amounts of sharebased payments recognized in owners' equity											
4. Others					767,673.68						767,673.68
(iii) Distribution of profits									-22,380,080.00		-22,380,080.00
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)											
3. Others											
(iv) Internal carry-forward of owners' equity									-22,380,080.00		-22,380,080.00
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(v) Special reserves											
1. Withdrawal for the period											
2. Usage for the period											
(vi) Others											
IV. Balance as at the end of the period	74,600,300.00				862,663,319.13	3,146,832.71			38,399,577.13	291,128,201.08	1,263,645,164.63

The accompanying notes form an integral part of these financial statements.

Legal representative:
GUAN Weili

Principal in charge of accounting:
JIN Hui

Head of accounting department:
WANG Minhui

Parent Company Statement of Changes in Shareholders' Equity

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

Items	Amount for the previous period							Total owners' equity			
	Share capital	Preferential shares	Perpetual bonds	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income		Special reserves	Surplus reserves	Retained earnings
I. Balance as at the end of the previous year	74,600,300.00				871,230,628.64				38,399,577.13	241,903,691.18	1,226,134,196.95
Add: Changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at the beginning of the current year	74,600,300.00				871,230,628.64				38,399,577.13	241,903,691.18	1,226,134,196.95
III. Increases/decreases in the current period ("+" for increases)											
(i) Total comprehensive income											
(ii) Owner contribution and capital decrease											
1. Common stock contributed by owners											
2. Capital invested by holders of other equity instruments											
3. Amounts of sharebased payments recognized in owners' equity											
4. Others											
(iii) Distribution of profits											
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)											
3. Others											
(iv) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(v) Special reserves											
1. Withdrawal for the period											
2. Usage for the period											
(vi) Others											
IV. Balance as at the end of the period	74,600,300.00				871,230,628.64				38,399,577.13	284,123,941.46	1,255,767,435.49

The accompanying notes form an integral part of these financial statements.

Legal representative:

GUAN Weili

Principal in charge of accounting:

JIN Hui

Head of accounting department:

WANG Minhui

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

I. General information

Wenzhou Kangning Hospital Co., Ltd, Ltd. (the “Company”) was established as a joint stock cooperative enterprise under the name of Wenzhou City Kangning Psychiatric Rehabilitation Hospital (溫州市康寧精神康復醫院) in February 1996. The address of the Company’s registered office is at Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang, the PRC.

On October 15, 2014, the Company was converted into a joint stock limited liability company and renamed as Wenzhou Kangning Hospital Co., Ltd, Ltd. (溫州康寧醫院股份有限公司).

The Company has its primary listing on the Stock Exchange of Hong Kong Limited on November 20, 2015. The Company is in the healthcare industry.

As of June 30, 2024, the Company had issued a total of 74,600,300 shares with a registered capital of RMB74,600,300; the registered address is at Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang, the PRC, and the headquarters address is at Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang, the PRC.

The principal operating activities of the Company are operating psychiatric hospitals and providing management services to hospitals.

The actual controlling person of the Company is Guan Weili and his spouse Wang Lianyue.

The financial statements were authorised for issue by the Board of Directors of the Company on August 28, 2024.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

II. Basis of preparation of financial statements

(I) Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards and various specific accounting standards, application guidance for the Accounting Standards for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereafter collectively referred to as the “Accounting Standards for Business Enterprises”), and the relevant requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting issued by the China Securities Regulatory Commission. In addition, these financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements are prepared and have disclosed relevant financial information in accordance with the requirements of the Accounting Standard for Business Enterprises No. 32 – Interim Financial Report issued by the Ministry of Finance.

The accounting policies adopted in these financial statements are consistent with those adopted in the Group’s financial statements for the year 2023. The interim financial statements of the Group shall be read together with the financial statements for the year 2023.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

II. Basis of preparation of financial statements (*Continued*)

(II) Going concern

The financial statements are prepared on a going concern basis.

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

The financial statements are in compliance with the Accounting Standards for Business Enterprises issued by Ministry of Finance, and truly and completely present the consolidated and the parent company's financial position of the Company as at June 30, 2024 and their financial performance and cash flows for January to June 2024.

III. Taxation

(I) Major tax categories and tax rates

Tax categories	Tax basis	Tax rate
Value-added tax (VAT)	The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax of the period	3%, 6%, 13%
Urban maintenance and construction tax	Based on VAT paid	7%
Educational surcharge	Based on VAT paid	5%
Enterprise income tax	Based on taxable profits	15%, 20%, 25%

Companies subject to different income tax rates are disclosed as follows

Taxpayer	Income tax rate
Wenzhou Kangning Hospital Co., Ltd.	15%
Zhejiang Jieling Health Technology Co., Ltd.	15%
Yiwu Kangning Hospital Management Co., Ltd.	20%

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

III. Taxation (*Continued*)

(II) Preferential tax treatment

1. Pursuant to the relevant requirements under the Circular on the Overall Promotion of Pilot Program of Levying VAT in Place of Business Tax (Cai Shui [2016] No. 36) jointly issued by the Ministry of Finance and the State Taxation Administration, the Company and its subsidiaries comply with the provisions of the Administrative Measures on Medical Institutions (Order of the State Council No.149) issued by the State Council and the Implementation Measures of the Administrative Measures on Medical Institutions (Order of the Ministry of Health No. 35) issued by the Ministry of Health and the Medical services provided by them are exempted from value-added tax upon the registration and obtaining the Medical Institution Practicing License (醫療機構執業許可證).
2. Pursuant to relevant tax regulations, during the reporting period, the revenue from judicial forensic services provided by the Wenzhou Kangning Judicial Forensic Centre, a subsidiary of the Company, shall be subject to VAT at the rate of 3%.
3. Pursuant to the Measures for the Implementation of the Pilot Plan for Levying VAT in Place of Business Tax under the Circular on the Overall Promotion of Pilot Program of Levying VAT in Place of Business Tax (Cai Shui [2016] No. 36) jointly issued by the Ministry of Finance and the State Taxation Administration, during the reporting period, the revenue from rendering of management and consultation services provided by the Company and its subsidiaries was subject to VAT at the rate of 6% or 3%.
4. As of June 30, 2024, the Company had submitted an application for the qualification of High and New Technology Enterprise to the Science and Technology Department of Zhejiang Province and was expected to obtain the Certificate of High and New Technology Enterprise issued by it in December 2024. The Company was subject to the reduced enterprise income tax rate of 15% when it was recognized as a high and new technology enterprises.
5. On December 8, 2023, Zhejiang Jerinte Health Technology Co., Ltd., a subsidiary of the Company, obtained the Certificate of High and New Technology Enterprise (No. GR202333001809) issued by the Science and Technology Department of Zhejiang Province, with a term of validity of 3 years. Under Article 28 of the Enterprise Income Tax Law of the People's Republic of China, the Company was subject to the reduced enterprise income tax rate of 15% from January 1, 2023 to December 31, 2026.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements

Note: Balance as at the end of the previous year in the notes to the financial statements refers to the amount in the financial statements as at December 31, 2023 (audited), and balance as at the end of the period refers to the amount in the financial statements as at June 30, 2024 (unaudited), the current period refers to the six months ended June 30, 2024 (unaudited), and the previous period refers to the six months ended June 30, 2023 (unaudited).

(I) Cash at bank and on hand

Items	Balance as at the end of the period	Balance as at the end of the previous year
Cash on hand	315,188.51	371,623.69
Cash at bank	367,196,561.26	416,980,298.98
Other cash balances	5,790,683.70	1,509,798.72
Total	373,302,433.47	418,861,721.39

(II) Financial assets held for trading

Items	Balance as at the end of the period	Balance as at the end of the previous year
Financial assets at fair value through profit or loss	7,599,178.13	7,350,298.53
Including: Investment in equity instruments	7,599,178.13	7,350,298.53
Total	7,599,178.13	7,350,298.53

(III) Notes receivable

Items	Balance as at the end of the period	Balance as at the end of the previous year
Bank acceptance bills	763,849.74	
Total	763,849.74	

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(IV) Accounts receivable

1. Aging disclosure of accounts receivable by date of entry

Aging	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year	443,637,522.96	425,833,221.01
1 – 2 years	42,631,127.19	6,696,709.84
2 – 3 years	4,507,504.01	4,480,032.80
Over 3 years	10,140,966.30	7,780,009.57
Sub-total	500,917,120.46	444,789,973.22
Less: Provision for bad debts	52,814,699.44	24,348,903.66
Total	448,102,421.02	420,441,069.56

2. Accounts receivable disclosed by classification of provision for bad debts

Category	Balance as at the end of the period				Book value	Balance as at the end of the previous year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts on individual basis	28,701,127.14	5.73	24,270,288.56	84.56	4,430,838.58	19,507,030.88	4.39	12,854,582.28	65.90	6,652,448.60
Including:										
Medical fees due from patients	28,701,127.14	5.73	24,270,288.56	84.56	4,430,838.58	19,507,030.88	4.39	12,854,582.28	65.90	6,652,448.60
Provision for bad debts based on a combination of credit risk characteristics	472,215,993.32	94.27	28,544,410.88	6.04	443,671,582.44	425,282,942.34	95.61	11,494,321.38	2.70	413,788,620.96
Including:										
Overdue days grouping	472,215,993.32	94.27	28,544,410.88	6.04	443,671,582.44	425,282,942.34	95.61	11,494,321.38	2.70	413,788,620.96
Total	500,917,120.46	100.00	52,814,699.44		448,102,421.02	444,789,973.22	100.00	24,348,903.66		420,441,069.56

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(IV) Accounts receivable (*Continued*)

2. Accounts receivable disclosed by classification of provision for bad debts (*Continued*)

Significant accounts receivable provided for bad debts on individual basis:

Item	Balance as at the end of the period				Balance as at the end of the previous year	
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for the provision	Book balance	Provision for bad debts
Medical fees due from patients	28,701,127.14	24,270,288.56	84.56	Provision for bad debts based on Lifetime ECL	19,507,030.88	12,854,582.28
Total	28,701,127.14	24,270,288.56			19,507,030.88	12,854,582.28

Provision for bad debts based on a combination of credit risk characteristics:

Item with provision on grouping basis:

Item	Balance as at the end of the period		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Overdue days grouping	472,215,993.32	28,544,410.88	6.04
Total	472,215,993.32	28,544,410.88	

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(IV) Accounts receivable (*Continued*)

3. Provision for bad debts provided for, reversed or recovered in the current period

Category	Balance as at the end of the previous year	Changes in the current period			Balance as at the end of the period
		Provided for	Recovered or reversed	Written-back or written-off	
Provision for bad debts on individual basis	12,854,582.28		-11,415,706.28		24,270,288.56
Provision for bad debts on grouping basis	11,494,321.38	17,050,089.50			28,544,410.88
Total	24,348,903.66	17,050,089.50	-11,415,706.28		52,814,699.44

(V) Advances to suppliers

The aging analysis of advances to suppliers by their date of entry is as follows:

Aging	Balance as at the end of the period		Balance as at the end of the previous year	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,326,232.07	98.28	9,048,941.18	92.05
1 – 2 years			742,811.80	7.56
2 – 3 years	7,919.67	0.33	6,000.00	0.06
Over 3 years	32,800.00	1.39	32,800.00	0.33
Total	2,366,951.74	100.00	9,830,552.98	100.00

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(VI) Other receivables

Items	Balance as at the end of the period	Balance as at the end of the previous year
Interest receivable	787,500.00	
Other receivables	69,155,527.66	69,705,728.98
Total	69,943,027.66	69,705,728.98

1. Interest receivables

Interest receivable classification

Items	Balance as at the end of the period	Balance as at the end of the previous year
Time deposit certificate	787,500.00	
Total	787,500.00	

2. Other receivables

(1) Disclosed by aging

Aging	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year	50,656,821.58	53,412,990.26
1 – 2 years	15,533,337.46	29,894,811.69
2 – 3 years	33,706,673.72	8,912,677.15
3 – 4 years	1,438,191.47	5,404,423.07
4 – 5 years	1,977,221.69	742,744.83
Over 5 years	4,436,981.60	3,885,239.68
Sub-total	107,749,227.52	102,252,886.68
Less: Provision for bad debts	38,593,699.86	32,547,157.70
Total	69,155,527.66	69,705,728.98

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(VI) Other receivables (*Continued*)

2. Other receivables (*Continued*)

(2) Disclosed by classification of provision for bad debts

Category	Balance as at the end of the period					Balance as at the end of the previous year					
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value	
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)		
Provision for bad debts on individual basis	36,761,735.90	34.12	36,761,735.90	100.00			37,404,736.41	36.58	30,697,494.28	82.07	6,707,242.13
Including:											
Hangzhou Yining Hospital Co., Ltd.	23,066,977.13	21.41	23,066,977.13	100.00			23,709,977.64	23.19	17,002,735.51	71.71	6,707,242.13
Sichuan Hongji Pharmaceutical Co., Ltd.	10,204,311.69	9.47	10,204,311.69	100.00			10,204,311.69	9.98	10,204,311.69	100.00	
Wang Changsheng (汪长胜)	3,490,447.08	3.24	3,490,447.08	100.00			3,490,447.08	3.41	3,490,447.08	100.00	
Provision for bad debts based on a combination of credit risk characteristics	70,987,491.62	65.88	1,831,963.96	2.58	69,155,527.66		64,848,150.27	63.42	1,849,663.42	2.85	62,998,486.85
Including:											
Portfolio of ageing credit risk	70,987,491.62	65.88	1,831,963.96	2.58	69,155,527.66		64,848,150.27	63.42	1,849,663.42	2.85	62,998,486.85
Total	107,749,227.52	100.00	38,593,699.86		69,155,527.66		102,252,886.68	100.00	32,547,157.70		69,705,728.98

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(VI) Other receivables (*Continued*)

2. Other receivables (*Continued*)

(2) Other receivables disclosed by classification of provision for bad debts (*Continued*)

Significant other receivables provided for bad debts on individual basis:

Name	Balance as at the end of the period			Balance as at the end of the previous year		
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for the provision	Book balance	Provision for bad debts
Hangzhou Yining Hospital Co., Ltd.	23,066,977.13	23,066,977.13	100.00	Expected to be hard to recover	23,709,977.64	17,002,735.51
Sichuan Hongji Pharmaceutical Co., Ltd.	10,204,311.69	10,204,311.69	100.00	Expected to be hard to recover	10,204,311.69	10,204,311.69
Wang Changsheng (汪長勝)	3,490,447.08	3,490,447.08	100.00	Expected to be hard to recover	3,490,447.08	3,490,447.08
Total	36,761,735.90	36,761,735.90			37,404,736.41	30,697,494.28

Provision for bad debts based on a combination of credit risk characteristics:

Item with provision on grouping basis:

Name	Balance as at the end of the period		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Portfolio of ageing credit risk	70,987,491.62	1,831,963.96	2.58
Total	70,987,491.62	1,831,963.96	

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(VI) Other receivables (*Continued*)

2. Other receivables (*Continued*)

(3) Details of provision for bad debts

	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
Provision for bad debts				
Balance as at the end of the previous year	1,849,663.42		30,697,494.28	32,547,157.70
Balance as at the end of the previous year that transferred/ reversed in the current period				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Provision for the current period			6,064,241.62	6,064,241.62
Reversal in the current period	17,428.98			17,428.98
Written back in the current period	270.48			270.48
Written off in the current period				
Other changes				
Balance as at the end of the period	1,831,963.96		36,761,735.90	38,593,699.86

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(VI) Other receivables (*Continued*)

2. Other receivables (*Continued*)

(3) Details of provision for bad debts (*Continued*)

Changes in book balance of other receivables:

	Stage I	Stage II	Stage III	
	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Book balance				
Balance as at the end of the previous year	64,848,150.27		37,404,736.41	102,252,886.68
Balance as at the end of the previous year that transferred/ reversed in the current period				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Addition for the current period	6,139,341.35			6,139,341.35
Derecognized in the current period			643,000.51	643,000.51
Other changes				
Balance as at the end of the period	70,987,491.62		36,761,735.90	107,749,227.52

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(VI) Other receivables (*Continued*)

2. Other receivables (*Continued*)

(4) Provision for bad debts provided for, reversed or recovered in the current period

Category	Balance as at the end of the previous year	Changes in the current period			Balance as at the end of the period
		Provided for	Recovered or reversed	Written-back or written-off	
Provision for bad debts on individual basis	30,697,494.28	6,064,241.62			36,761,735.90
Provision for bad debts on grouping basis	1,849,663.42		17,428.98	270.48	1,831,963.96
Total	32,547,157.70	6,046,241.62	17,428.98	270.48	38,593,699.86

(5) Other receivables by nature

Nature of receivables	Book balance as at the end of the period	Book balance as at the end of the previous year
Deposits and guarantee	22,840,821.05	22,266,761.49
Employee loans	25,289,000.00	19,150,000.00
Placements	1,583,692.95	4,818,862.51
Advance payment	23,134.70	51,045.33
Amounts due from related parties	51,845,560.25	52,887,698.31
Amounts from equity transfers	2,000,000.00	
Others	4,167,018.57	3,078,519.04
Total	107,749,227.52	102,252,886.68

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(VII) Inventories

Category	Balance as at the end of the period			Balance as at the end of the previous year		
	Book balance	Provision for decline in the value of inventories/ impairment provision for contract performance costs	Book value	Book balance	Provision for decline in the value of inventories/ impairment provision for contract performance costs	Book value
Turnover materials	1,230,185.02		1,230,185.02	1,616,778.62		1,616,778.62
Goods sold	541,753.33		541,753.33	4,571,610.82		4,571,610.82
Commodity stocks	50,117,702.41		50,117,702.41	54,411,790.81		54,411,790.81
Total	51,889,640.76		51,889,640.76	60,600,180.25		60,600,180.25

(VIII) Other current assets

Items	Balance as at the end of the period	Balance as at the end of the previous year
Input tax to be deducted	2,006,813.22	205,753.33
Prepaid corporate income tax		4,368.35
Prepaid expenses	1,046,974.56	647,898.71
Total	3,053,787.78	858,020.39

(IX) Long-term receivables

Item	Balance as at the end of the period			Balance as at the end of the previous year			Discount rate range
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Receivables from equity transfers	14,000,000.00		14,000,000.00	14,000,000.00		14,000,000.00	
Total	14,000,000.00		14,000,000.00	14,000,000.00		14,000,000.00	

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (Continued)

X. Long-term equity investments

	Balance as at the end of the previous year	Balance of the impairment provision as at the end of the previous year	Increase/decrease in the current period					Balance as at the end of the period	Balance of the impairment provision as at the end of the period
			Increase in investment	Decrease in investment	Investment profit/loss recognized under equity method	Other comprehensive income adjustment	Other equity changes		
Investees									
Associates									
Hangzhou Aiken Medical Technology Co., Ltd.	16,018,884.98				687,659.39				16,706,544.37
Wenzhou Longwan Yinying Hospital Co., Ltd.	56,841,432.86				-166,415.53				56,675,017.33
Zhejiang Huzhang Hospital Management Co., Ltd.	21,361,607.67				-393,224.24				21,168,383.43
Shaanxi Shanda Hospital Management Consulting Co., Ltd.	22,287,534.75				712,327.54				22,999,862.29
Chongqing Hechuan Kangning Hospital Co., Ltd.	18,649,398.65				-31,479.31				18,617,919.34
Zhejiang Fergsheng Nutritional Technology Co., Ltd.	3,713,128.14	2,000,000.00			-330,039.89				5,383,088.25
Total	139,071,987.05	2,000,000.00			478,827.96				141,550,815.01

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XI) Other non-current financial assets

Items	Balance as at the end of the period	Balance as at the end of the previous year
Financial assets at fair value through profit or loss	64,751,652.55	65,099,055.34
Including: Investments in equity instruments	64,751,652.55	65,099,055.34
Total	64,751,652.55	65,099,055.34

(XII) Fixed assets

1. Fixed assets and disposal of fixed assets

Items	Balance as at the end of the period	Balance as at the end of the previous year
Fixed assets	782,127,103.00	794,856,342.94
Disposal of fixed assets		
Total	782,127,103.00	794,856,342.94

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XII) Fixed assets (*Continued*)

2. Details of fixed assets

Items	Buildings and structure	Medical equipment	Motor vehicles	Electronic and other equipment	Fixed assets leased under sale-and-leaseback finance leases	Total
1. Original carrying values						
(1) Balance as at the end of the previous year	870,189,179.09	80,978,235.73	13,585,774.73	62,896,115.93	101,426,794.17	1,129,076,099.65
(2) Increase in the current period	1,349,135.60	8,331,368.92	767,123.03	3,310,931.83		13,758,559.38
– Purchase	1,349,135.60	8,331,368.92	767,123.03	3,310,931.83		13,758,559.38
(3) Decrease in the current period		4,377,292.00		965,585.92		5,342,877.92
– Disposed or retired		4,377,292.00		965,585.92		5,342,877.92
(4) Balance as at the end of the period	871,538,314.69	84,932,312.65	14,352,897.76	65,241,461.84	101,426,794.17	1,137,491,781.11
2. Accumulated depreciation						
(1) Balance as at the end of the previous year	141,204,440.95	58,760,403.20	8,132,499.35	44,567,939.35	81,554,473.86	334,219,756.71
(2) Increase in the current period	12,815,495.67	5,944,250.78	574,787.27	4,259,232.29	2,347,658.56	25,941,424.57
– Provision	12,815,495.67	5,944,250.78	574,787.27	4,259,232.29	2,347,658.56	25,941,424.57
(3) Decrease in the current period		3,982,635.56		813,867.61		4,796,503.17
– Disposed or retired		3,982,635.56		813,867.61		4,796,503.17
(4) Balance as at the end of the period	154,019,936.62	60,722,018.42	8,707,286.62	48,013,304.03	83,902,132.42	355,364,678.11
3. Impairment provision						
(1) Balance as at the end of the previous year						
(2) Increase in the current period						
(3) Decrease in the current period						
(4) Balance as at the end of the period						
4. Carrying amount						
(1) Carrying amount as at the end of the period	717,518,378.07	24,210,294.23	5,645,611.14	17,228,157.81	17,524,661.75	782,127,103.00
(2) Carrying amount as at the end of the previous year	728,984,738.14	22,217,832.53	5,453,275.38	18,328,176.58	19,872,320.31	794,856,342.94

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XIII) Construction in progress

1. Construction in progress and construction material

Items	Balance as at the end of the period			Balance as at the end of the previous year		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Construction in progress	234,034,296.61		234,034,296.61	186,980,240.67		186,980,240.67
Construction material						
Total	234,034,296.61		234,034,296.61	186,980,240.67		186,980,240.67

2. Details of construction in progress

Items	Balance as at the end of the period			Balance as at the end of the previous year		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
The construction project of Lucheng Yining Hospital	137,317,869.97		137,317,869.97	101,029,929.74		101,029,929.74
The renovation and expansion project of Linhai Cining Hospital	89,526,711.76		89,526,711.76	85,174,600.41		85,174,600.41
The construction project of Longquan Kangning Hospital Co., Ltd.	3,766,450.99		3,766,450.99			
Other minor decoration projects	3,423,263.89		3,423,263.89	775,710.52		775,710.52
Total	234,034,296.61		234,034,296.61	186,980,240.67		186,980,240.67

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XIV) Right-of-use assets

Items	Buildings and structure	Total
1. Original carrying values		
(1) Balance as at the end of the previous year	301,405,111.73	301,405,111.73
(2) Increase in the current period	70,408.22	70,408.22
– New leases	70,408.22	70,408.22
(3) Decrease in the current period	1,131,585.84	1,131,585.84
– Termination of lease	1,131,585.84	1,131,585.84
(4) Balance as at the end of the period	300,343,934.11	300,343,934.11
2. Accumulated depreciation		
(1) Balance as at the end of the previous year	112,350,605.05	112,350,605.05
(2) Increase in the current period	18,029,069.41	18,029,069.41
– Provision	18,029,069.41	18,029,069.41
(3) Decrease in the current period	500,865.89	500,865.89
– Termination of lease	500,865.89	500,865.89
(4) Balance as at the end of the period	129,878,808.57	129,878,808.57
3. Impairment provision		
(1) Balance as at the end of the previous year		
(2) Increase in the current period		
(3) Decrease in the current period		
(4) Balance as at the end of the period		
4. Carrying amount		
(1) Carrying amount as at the end of the period	170,465,125.54	170,465,125.54
(2) Carrying amount as at the end of the previous year	189,054,506.68	189,054,506.68

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XV) Intangible assets

Items	Land use rights	Trademark rights	Software	Medical practice qualifications	Contractual rights to provide management services	Total
1. Original carrying values						
(1) Balance as at the end of the previous year	154,962,176.05	3,061,637.13	16,215,218.87	216,837,000.00	32,400,000.00	423,476,032.05
(2) Increase in the current period	13,635.58		1,978,663.72			1,992,299.30
– Purchase	13,635.58		1,978,663.72			1,992,299.30
(3) Decrease in the current period						
(4) Balance as at the end of the period	154,975,811.63	3,061,637.13	18,193,882.59	216,837,000.00	32,400,000.00	425,468,331.35
2. Accumulated depreciation						
(1) Balance as at the end of the previous year	20,300,242.06	1,077,654.89	8,107,861.28	62,972,140.09	10,696,428.57	103,154,326.89
(2) Increase in the current period	1,560,910.96	163,620.15	1,319,911.39	10,529,799.87	864,285.71	14,438,528.08
– Provision	1,560,910.96	163,620.15	1,319,911.39	10,529,799.87	864,285.71	14,438,528.08
(3) Decrease in the current period						
(4) Balance as at the end of the period	21,861,153.02	1,241,275.04	9,427,772.67	73,501,939.96	11,560,714.28	117,592,854.97
3. Impairment provision						
(1) Balance as at the end of the previous year						
(2) Increase in the current period						
(3) Decrease in the current period						
(4) Balance as at the end of the period						
4. Carrying amount						
(1) Carrying amount as at the end of the period	133,114,658.61	1,820,362.09	8,766,109.92	143,335,060.04	20,839,285.72	307,875,476.38
(2) Carrying amount as at the end of the previous year	134,661,933.99	1,983,982.24	8,107,357.59	153,864,859.91	21,703,571.43	320,321,705.16

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XVI) Goodwill

1. Changes in goodwill

Name of the investees or events generating goodwill	Balance as at the end of the previous year	Increase in the current period		Decrease in the current period		Balance as at the end of the period
		Arising from business combination	Increase of provision for goodwill impairment	Disposal	Disposal of goodwill impairment	
Original carrying values						
Nanjing Yining Hospital Co., Ltd.	9,271,800.00					9,271,800.00
Heze Yining Psychiatric Hospital Co., Ltd.	690,331.47					690,331.47
Guanxian Yining Hospital Co., Ltd.	1,549,022.38					1,549,022.38
Wenling Southern Mental Disease Specialist Hospital Co., Ltd.	7,784,850.00					7,784,850.00
Beijing Yining Hospital Co., Ltd.	22,987,331.04					22,987,331.04
Wenzhou Yixin Health Technology Co., Ltd.	151,048.40					151,048.40
Huainan Kangning Hospital Co., Ltd.	5,068,959.78					5,068,959.78
Changchun Kanglin Psychological Hospital Co., Ltd.	6,843,288.91					6,843,288.91
Wenzhou Cining Hospital Co., Ltd.	19,416,285.97					19,416,285.97
Pingyang Changgeng Yining Hospital Co., Ltd.	51,770,194.67					51,770,194.67
Hangzhou Yining Nursery Service Co., Ltd.	1,272,643.00					1,272,643.00
Jinyun Shuning Hospital Co., Ltd.	5,060,323.85					5,060,323.85
Loudi City Kangle Kangning Hospital Co., Ltd.	283,528.10					283,528.10
Dongkou Lening Hospital Co., Ltd.	2,502,854.13					2,502,854.13
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	9,564,442.65					9,564,442.65
Wenzhou Anken Pharmacy Co., Ltd.	228,538.31					228,538.31
Subtotal	144,445,442.66					144,445,442.66
Impairment provision						
Beijing Yining Hospital Co., Ltd.	22,987,331.04					22,987,331.04
Guanxian Yining Hospital Co., Ltd.	1,549,022.38					1,549,022.38
Subtotal	24,536,353.42					24,536,353.42
Carrying amount	119,909,089.24					119,909,089.24

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XVI) Goodwill (*Continued*)

2. *Information about the composition of asset groups or portfolio of asset groups and the operating segment to which the goodwill belongs*

Unit: RMB'0,000

Name of goodwill asset groups or portfolio of asset groups	Composition and basis of asset groups or portfolio of asset groups	Carrying amount as at the end of the period	Consistent with the prior years or not
Nanjing Yining Hospital Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	1,342.46	Yes
Heze Yining Psychiatric Hospital Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	1,645.65	Yes
Guanxian Yining Hospital Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	1,074.50	Yes
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	771.11	Yes
Beijing Yining Hospital Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	4,178.64	Yes
Wenzhou Yixin Health Technology Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	14.48	Yes
Huainan Kangning Hospital Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	552.41	Yes
Changchun Kanglin Psychological Hospital Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	1,278.50	Yes
Wenzhou Cining Hospital Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	3,726.83	Yes
Pingyang Changgeng Yining Hospital Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	12,548.35	Yes
Hangzhou Yining Nursery Service Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	181.32	Yes
Jinyun Shuning Hospital Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	7,011.47	Yes
Loudi City Kangle Kangning Hospital Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	2,485.39	Yes
Dongkou Lening Hospital Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	2,179.53	Yes
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	2,792.84	Yes
Wenzhou Anken Pharmacy Co., Ltd.	Asset groups that have synergies with goodwill and that can independently generate cash flow	4.09	Yes
Total		41,787.57	

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XVII) Long-term prepaid expenses

Items	Balance as at the end of the previous year	Increase in the current period	Amortisation in the current period	Other decreases	Balance as at the end of the period
Renovation expense	175,706,029.27	1,863,337.07	21,012,423.47		156,556,942.87
Lease expenses	178,292.93	38,000.00	41,641.68		174,651.25
Others	26,303.94		7,316.61		18,987.33
Total	175,910,626.14	1,901,337.07	21,061,381.76		156,750,581.45

(XVIII) Deferred tax assets and deferred tax liabilities

1. *Deferred tax assets before offsetting*

Items	Balance as at the end of the period		Balance as at the end of the previous year	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for assets impairment	37,735,416.76	7,995,190.93	25,318,013.56	5,221,670.24
Unrealized profit from internal transaction	36,307,991.72	9,076,997.93	3,073,067.80	3,073,067.80
Deductible losses	94,761,661.96	18,358,697.14	126,627,704.89	26,623,506.01
Lease liabilities	178,203,515.38	44,007,128.21	181,046,756.88	45,261,689.23
Share-based payment	55,456,176.01	8,308,050.85	54,688,502.33	8,203,275.35
Total	402,464,761.83	87,746,065.06	390,754,045.46	88,383,208.63

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XVIII) Deferred tax assets and deferred tax liabilities (*Continued*)

2. Deferred tax liabilities before offsetting

Items	Balance as at the end of the period		Balance as at the end of the previous year	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Appreciation of assets revalued in business combination involving enterprise not under common control	174,320,001.01	43,472,857.40	175,124,829.41	43,659,778.78
Changes in fair value of other non-current financial assets	14,751,652.55	2,212,747.88	15,099,055.33	2,264,858.30
One-off deduction for fixed assets	1,367,429.87	257,110.34	1,565,553.59	306,641.27
Right-of-use assets	167,666,657.65	41,396,725.99	177,246,863.48	44,311,715.89
Total	358,105,741.08	87,339,441.61	369,036,301.81	90,542,994.24

3. Deferred tax assets or liabilities presented on a net basis after offsetting

Items	As at the end of the period		As at the end of the previous year	
	Offset amount of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offsetting	Offset amount of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	42,805,546.15	44,940,518.91	43,236,938.03	45,146,270.60
Deferred tax liabilities	42,805,492.05	44,533,949.56	43,236,938.03	47,306,056.21

(XIX) Other non-current assets

Items	Balance as at the end of the period			Balance as at the end of the previous year		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Prepayments for equity investments	13,941,242.77		13,941,242.77	6,034,588.26		6,034,588.26
Prepayments for building and equipment	984,580.68		984,580.68	3,654,622.68		3,654,622.68
Total	14,925,823.45		14,925,823.45	9,689,210.94		9,689,210.94

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XX) Assets with restricted ownership or right-of-use

Items	As at the end of the period				As at the end of the previous year									
	Book balance	Carrying amount	Types for restriction	Case for restriction	Book balance	Carrying amount	Types for restriction	Case for restriction						
Cash at bank and on hand	150,009.00	150,009.00	Guarantee	Bank acceptance deposit	772,510.54	772,510.54	Freezing	Bank acceptance deposit						
				Performance bond				12,000,000.00	12,000,000.00	Freezing	Performance bond			
				Foreign Exchange Control Account							1,361,750.73	1,361,750.73	Freezing	Foreign Exchange Control Account
														2,120.75
	2,000.00	2,000.00	Freezing	Others										
Long-term equity investments				208,244,700.00	208,244,700.00	Pledge	Pledged loans	208,244,700.00	208,244,700.00	Pledge				
Fixed assets				104,902,010.82	104,902,010.82	Mortgage	Sale and leaseback	101,426,794.17	19,872,320.31	Mortgage	Sale and leaseback			
							Secured borrowings				161,856,152.45	156,403,844.80	Mortgage	Secured borrowings
Intangible assets	26,041,873.00	26,041,873.00	Mortgage	Secured borrowings	59,523,538.00	52,511,079.33	Mortgage	Secured borrowings						
Total	240,799,717.53	240,799,717.53			281,904,499.27	274,892,040.60								

(XXI) Short-term borrowings

Items	Balance as at the end of the period	Balance as at the end of the previous year
Secured borrowings	111,000,000.00	125,000,000.00
Guaranteed borrowings		2,001,700.00
Total	111,000,000.00	127,001,700.00

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XXII) Financial liabilities held for trading

Items	Balance as at the end of the period	Balance as at the end of the previous year
Financial liabilities held for trading	12,400,000.00	12,400,000.00

(XXIII) Accounts payable

The aging analysis of accounts payable by their date of entry is as follows:

Items	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year	109,289,541.99	107,790,034.53
1-2 years	2,464,602.17	1,815,169.24
2-3 years	449,920.08	85,740.32
Over 3 years	340,873.79	369,063.58
Total	112,544,938.03	110,060,007.67

(XXIV) Receipts in advance

Items	Balance as at the end of the period	Balance as at the end of the previous year
Advances from goods and medical	26,157,511.69	26,563,603.06
Total	26,157,511.69	26,563,603.06

(XXV) Contract liabilities

Items	Balance as at the end of the period	Balance as at the end of the previous year
Advances from goods	92,924.53	
Total	92,924.53	

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XXVI) Employee benefits payable

1. List of employee benefits payable

Items	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Short-term employee benefits	80,064,307.91	295,365,141.19	311,364,561.25	64,064,887.85
Post-employment benefits – defined contribution plans	4,259,698.49	18,447,164.57	19,757,286.39	2,949,576.67
Total	84,324,006.40	313,812,305.76	331,121,847.64	67,014,464.52

2. List of short-term employee benefits

Items	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
(1) Wages, bonuses, allowances and subsidies	78,125,312.69	262,112,578.15	278,104,734.21	62,133,156.63
(2) Staff welfare	268,889.28	11,010,995.35	11,015,933.31	263,951.32
(3) Social insurance contributions	1,637,150.40	10,643,446.45	10,659,068.10	1,621,528.75
Including: Medical insurance	1,549,982.80	10,007,307.09	10,029,937.48	1,527,352.41
Work injury insurance	87,167.60	610,086.40	603,077.66	94,176.34
Maternity insurance		26,052.96	26,052.96	
(4) Housing funds	32,955.54	11,579,895.60	11,567,264.60	45,586.54
(5) Labour union funds and employee education funds		18,225.64	17,561.03	664.61
Total	80,064,307.91	295,365,141.19	311,364,561.25	64,064,887.85

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XXVI) Employee benefits payable (*Continued*)

3. List of defined contribution plans

Items	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Basic pensions	4,118,499.45	17,853,475.62	19,109,187.58	2,862,787.49
Unemployment insurance premiums	141,199.04	593,688.95	648,098.81	86,789.18
Total	4,259,698.49	18,447,164.57	19,757,286.39	2,949,576.67

In accordance with the relevant regulations of the People's Republic of China, the Group participates in a statutory defined contribution pension plan (basic pension insurance) organized by the local government for its employees and is required to make contributions based on the employees' salaries at a certain percentage in accordance with the local government policies and regulations, and the contributions cannot be used to offset contributions that the Group should make for its employees in future periods.

(XXVII) Taxes payable

Items	Balance as at the end of the period	Balance as at the end of the previous year
Value-added tax (VAT)	2,694,016.67	3,056,261.74
Enterprise income tax	22,926,288.67	30,600,774.99
Individual income tax	1,720,787.95	1,148,089.23
City maintenance and construction tax	104,506.51	134,739.29
Property tax	3,012,925.99	2,960,159.04
Education surcharge	74,789.97	96,590.18
Land use tax	305,640.50	523,438.18
Stamp tax	13,843.13	31,053.22
Environmental protection tax	2,094.00	1,869.00
Water Resources Fund	552.42	771.60
Total	30,855,445.81	38,553,746.47

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XXVIII) Other payables

Items	Balance as at the end of the period	Balance as at the end of the previous year
Interest payable		35,313.43
Dividend payable	2,370,000.00	624,000.00
Other payable	66,117,137.05	149,611,261.72
Total	68,487,137.05	150,270,575.15

1. *interest payable*

Items	Balance as at the end of the period	Balance as at the end of the previous year
Interest on long-term borrowings with interest payments by installment and principal payments at due		35,313.43
Total		35,313.43

2. *dividend payable*

Items	Balance as at the end of the period	Balance as at the end of the previous year
Dividends payable – minority shareholders of subsidiaries	2,370,000.00	624,000.00
Total	2,370,000.00	624,000.00

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XXVIII) Other payables (*Continued*)

3. Other payables

Items	Balance as at the end of the period	Balance as at the end of the previous year
Payables for long-term assets acquisition	17,785,659.46	62,637,634.31
Payables for equity acquisition	1,313,457.77	1,313,457.77
Withholding expenses	1,740,116.45	6,766,360.73
Deposits and Guarantees	1,237,034.24	1,663,762.95
Current accounts	29,986,754.10	38,542,529.94
Placements	3,677,029.66	9,845,641.28
Amounts from related parties	8,254,225.35	28,481,495.22
Others	2,122,860.02	360,379.52
Total	66,117,137.05	149,611,261.72

(XXIX) Non-current liabilities due within one year

Items	Balance as at the end of the period	Balance as at the end of the previous year
Long-term borrowings due within one year	44,136,233.34	180,020,000.00
Long-term payables due within one year	41,370,743.00	41,747,868.00
Lease liabilities due within one year	22,779,404.91	28,643,888.99
Total	108,286,381.25	250,411,756.99

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XXX) Other current liabilities

Items	Balance as at the end of the period	Balance as at the end of the previous year
Output VAT to be recognized	5,575.47	
Endorsed unexpired bills	563,849.74	
Total	569,425.21	

(XXXI) Long-term borrowings

Items	Balance as at the end of the period	Balance as at the end of the previous year
Pledged loans	89,166,233.34	212,842,127.25
Guaranteed borrowings	306,620,000.00	252,010,000.00
Secured borrowings	416,574,669.65	272,887,087.44
Less: Long-term borrowings due within one year	44,136,233.34	180,020,000.00
Total	768,224,669.65	557,719,214.69

(XXXII) Lease liabilities

Items	Balance as at the end of the period	Balance as at the end of the previous year
Lease liabilities	158,912,952.10	163,239,532.76
Total	158,912,952.10	163,239,532.76

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XXXIII) Long-term accounts payable

Items	Balance as at the end of the period	Balance as at the end of the previous year
Long-term accounts payable	64,227,913.88	61,351,340.53
Total	64,227,913.88	61,351,340.53

Including: long-term accounts payable

Items	Balance as at the end of the period	Balance as at the end of the previous year
Finance lease payable	105,598,656.88	103,099,208.53
Including: Unrealised finance charges	15,254,200.16	15,109,210.13
Less: long-term payables due within one year	41,370,743.00	41,747,868.00
Total	64,227,913.88	61,351,340.53

(XXXIV) Deferred income

Items	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period	Reason
Government grants	8,734,099.00		151,896.00	8,582,203.00	Amortisation not yet completed
Total	8,734,099.00		151,896.00	8,582,203.00	

(XXXV) Share capital

Items	Balance as at the end of the previous year	Increase (+) decrease (-) in the current period					Subtotal	Balance as at the end of the period
		Issuance of new shares	Bonus issue	conversion from reserves	others			
Total shares	74,600,300.00						74,600,300.00	

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XXXVI) Capital surplus

Items	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Capital premium	781,037,804.26		12,709,794.63	768,328,009.63
Other capital surplus				
– Share-based payment	44,857,374.20	767,673.68		45,625,047.88
– Other capital surplus	26,800,423.23			26,800,423.23
Total	852,695,601.69	767,673.68	12,709,794.63	840,753,480.74

(XXXVII) Treasury stock

Items	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Shares of the Company acquired for the employee share ownership plans or share incentive	12,587,011.74		9,440,179.03	3,146,832.71
Total	12,587,011.74		9,440,179.03	3,146,832.71

(XXXVIII) Surplus reserve

Items	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Statutory surplus reserve	38,399,577.13			38,399,577.13
Total	38,399,577.13			38,399,577.13

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XXXIX) Retained earnings

Items	Amount for the current period	Amount for the previous period
Retained earnings before adjustment at the end of previous year	311,956,229.16	233,506,534.43
Adjustment to the retained earnings in total at the beginning of the year (increase +, decrease -)		
Retained earnings after adjustment at the beginning of the year	311,956,229.16	233,506,534.43
Add: Net profit attributable to owners of the parent company for the current period	50,723,744.20	85,947,806.64
Less: Appropriation to statutory surplus reserve		
Appropriation of discretionary surplus reserve		
Appropriation of general risk reserve		
Dividends payable on ordinary shares	22,380,090.00	7,498,111.91
Dividends on ordinary shares converted to share capital		
Others		
Retained earnings at the end of the period	340,299,883.36	311,956,229.16

(XL) Revenue and cost of sales

1. Analysis of revenue and cost of sales

Items	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Main business	765,636,198.08	555,217,793.42	728,692,633.43	547,491,901.17
Other business	63,321,355.63	47,582,667.69	49,232,530.41	28,898,694.59
Total	828,957,553.71	602,800,461.11	777,925,163.84	576,390,595.76

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XL) Revenue and cost of sales (*Continued*)

1. Analysis of revenue and cost of sales (*Continued*)

Breakdown of revenue:

Items	Amount for the current period	Amount for the previous period
Revenue from main business	765,636,198.08	728,692,633.43
Treatments and healthcare services	765,636,198.08	728,692,633.43
Revenue from other business	63,321,355.63	49,232,530.41
Wholesale and retail revenue of pharmaceutical and equipment	41,715,643.36	28,881,807.57
Management services	7,958,001.19	1,485,148.50
Rental income	297,619.53	2,857,971.77
Others	13,350,091.55	16,007,602.57
Total	828,957,553.71	777,925,163.84

2. Description of performance obligations

Items	Time to fulfill performance obligations	Major payment terms	Nature of the goods that the Company promises to transfer	Do we take the major responsibility	Expected amounts that the Company has undertaken to return to customers	Types of quality assurance provided by the Company and associated obligations
Treatments and healthcare services	At a point in time as services are rendered	Bills settlement	Diagnosis and healthcare services	Yes	Nil	Nil

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XLI) Taxes and charges

Items	Amount for the current period	Amount for the previous period
Property tax	4,886,926.23	1,704,919.27
City maintenance and construction tax	460,954.07	398,619.06
Education surcharge	331,720.92	284,861.86
Land use tax	445,099.29	244,228.99
Stamp tax	130,348.60	139,457.81
Others	13,249.84	11,774.66
Total	6,268,298.95	2,783,861.65

(XLII) Selling and distribution expenses

Items	Amount for the current period	Amount for the previous period
Employee benefits	5,264,561.40	4,571,354.43
Depreciation expenses	99,249.43	96,371.80
Amortisation of intangible assets	21,787.27	22,513.69
Amortisation of long-term prepaid expenses	155,095.54	155,131.68
Entertainment expenses	435,531.57	316,393.31
Office expenses	316,961.17	180,167.93
Travelling expenses	179,730.55	167,234.65
Utilities		10,478.18
Outsourcing expenses	219,294.83	235,841.00
Promotion expenses	2,388,776.86	2,020,072.51
Repair and maintenance expenses	139,038.00	25,268.40
Others	29,239.82	27,782.42
Total	9,249,266.44	7,828,610.00

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XLIII) General and administrative expenses

Items	Amount for the current period	Amount for the previous period
Employee benefits	63,615,210.18	55,921,762.58
Depreciation expenses	7,553,031.91	6,990,089.75
Amortisation of intangible assets	1,874,457.13	1,800,111.04
Amortisation of long-term prepaid expenses	4,527,100.72	4,684,159.80
Pharmaceutical and medical consumables used	963,471.75	1,039,347.77
Housing lease expenses	1,323,759.68	1,386,037.88
Equity incentives	767,673.68	
Office expenses	2,276,602.65	1,700,201.12
Travelling expenses	2,198,731.91	2,070,528.66
Utilities	351,396.86	717,753.37
Property management expenses	2,919,344.90	1,676,255.06
Canteen expenditure	1,024,421.20	1,263,793.76
Outsourcing expenses	1,308,692.84	1,582,961.78
Consulting service fees	1,815,859.33	14,377,209.14
Auditors' remuneration	2,226,500.13	
Repair and maintenance expenses	5,421,178.66	3,248,248.19
Entertainment expenses	2,803,324.36	2,599,553.04
Others	3,300,625.81	866,013.82
Total	106,271,383.70	101,924,026.76

(XLIV) Research and development expenses

Items	Amount for the current period	Amount for the previous period
Employee expenses	17,015,841.55	13,998,896.69
Depreciation expenses	313,121.72	191,563.81
Pharmaceutical and medical consumables used	23,806.46	92,076.48
Travelling expenses	1,279.22	1,369.72
Outsourcing expenses	7,292.41	388,988.66
Testing fee	7,536.00	
Others	219,198.79	285,100.27
Total	17,588,076.15	14,957,995.63

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XLV) Financial expenses

Items	Amount for the current period	Amount for the previous period
Interest expense	23,323,466.98	19,182,137.46
Including: Interest expenses on lease liabilities	5,245,075.86	5,058,106.16
Less: interest income	2,686,209.46	2,704,831.09
Foreign exchange gains and losses	99,244.67	-13,070.04
Others	3,728,948.96	3,695,397.63
Total	24,465,451.15	20,159,633.96

(XLVI) Other income

Items	Amount for the current period	Amount for the previous period
Government grants	5,386,176.18	5,600,421.10
Additional input VAT credit	13,945.83	200,405.44
Fees for withholding individual income tax	188,141.27	21,668.61
Total	5,588,263.28	5,822,495.15

(XLVII) Investment income

Items	Amount for the current period	Amount for the previous period
Income from long-term equity investments under the equity method	478,827.96	-157,522.45
Investment income from disposal of long-term equity investments	1,201,371.61	-38,203.48
Total	1,680,199.57	-195,725.93

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(XLVIII) Gain from change in fair value

Source of gains from changes in fair value	Amount for the current period	Amount for the previous period
Financial assets held for trading	248,879.60	
Other non-current financial assets	-347,402.79	
Total	-98,523.19	

(XLIX) Credit impairment losses

Items	Amount for the current period	Amount for the previous period
Losses on bad debts of accounts receivable	462,548.63	-3,047,374.71
Losses on bad debts of other receivables	-6,046,812.64	37,447.94
Total	-5,584,264.01	-3,009,926.77

(L) Gain from disposal of assets

Items	Amount for the current period	Amount for the previous period	Amounts included in non-recurring profits and losses for the current period
Gains from disposal of non-current assets (losses represented with "-" signs)	-75,116.21		-75,116.21
Including: Gains from disposal of fixed assets (losses represented with "-" signs)	-75,116.21		-75,116.21
Others	130.80		130.80
Total	-74,985.41		-74,985.41

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(LI) Non-operating income

Items	Amount for the current period	Amount for the previous period	Amounts
			included in non- recurring profits and losses for the current period
Gains from damaging and scrapping of non-current assets	50,825.65	10,137.96	50,825.65
Including: Fixed assets	50,825.65	10,137.96	50,825.65
Donations received	46,960.37	5,573,844.86	46,960.37
Government grants not related to the daily activities of the enterprise	128,949.92	232,490.00	128,949.92
Others	276,754.01	108,488.16	276,754.01
Total	503,489.95	5,924,960.98	503,489.95

(LII) Non-operating expenses

Items	Amount for the current period	Amount for the previous period	Amounts
			included in non- recurring profits and losses for the current period
Losses on damaging and scrapping of non-current assets	291,800.76	91,822.62	291,800.76
Including: Fixed assets	291,800.76	91,822.62	291,800.76
Expenses of donation to charities	500,329.61	1,234,751.71	500,329.61
Liquidated damages expenses	806,635.88	370,093.31	806,635.88
Penalty	620,390.47		620,390.47
Others	597,063.04	518,463.73	597,063.04
Total	2,816,219.76	2,215,131.37	2,816,219.76

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(LIII) Income tax expenses

1. Table of income tax expenses

Items	Amount for the current period	Amount for the previous period
Current income tax expense	19,082,552.41	23,358,206.57
Deferred income tax expense	-2,566,409.06	-11,880,326.50
Total	16,516,143.35	11,477,880.07

2. Reconciliation between total profit and income tax expenses

Items	Amount for the current period
Total profit	61,512,576.64
Income tax expenses calculated at the statutory or applicable tax rates	12,647,013.90
Impact of different tax rates applicable to subsidiaries	474,180.04
Adjustment to impact of income tax of past periods	-769,492.74
Impact of non-taxable income	
Impact of non-deductible costs, expenses and losses	817,638.14
Impact of deductible losses of the deferred income tax assets unrecognized in the previous period	-4,610,218.14
Impact of deductible temporary differences or deductible losses for which deferred income tax assets are not recognized in the current period	9,615,739.59
Impact of additional deduction of research and development expenses	-3,065,849.16
Others	1,407,131.72
Income tax expense	16,516,143.35

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(LIV) Earnings per share

1. *Basic earnings per share*

Basic earnings per share is calculated by the consolidated net profit attributable to the ordinary shareholders of the parent company divided by the weighted average number of outstanding ordinary shares of the Company:

Items	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to the ordinary shareholders of the parent company	50,723,744.20	43,750,057.46
Weighted average number of outstanding ordinary shares of the Company	74,600,300.00	74,600,300.00
Basic earnings per share	0.68	0.59
Including: Basic earnings per share from continuing operations	0.68	0.59
Basic earnings per share from discontinued operations		

2. *Diluted earnings per share*

Diluted earnings per share is calculated by the consolidated net profit attributable to the ordinary shareholders of the parent company (diluted) divided by the weighted average number of outstanding ordinary shares of the Company (diluted):

Items	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to the ordinary shareholders of the parent company (diluted)	50,723,744.20	43,750,057.46
Weighted average number of outstanding ordinary shares of the Company(diluted)	74,600,300.00	74,600,300.00
Diluted earnings per share	0.68	0.59
Including: Diluted earnings per share from continuing operations	0.68	0.59
Diluted earnings per share from discontinued operations		

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(LV) Supplementary information to the cash flow statement

1. Supplementary information to the cash flow statement

Supplementary information	Amount for the current period	Amount for the previous period
1. Reconciliation from net profit to cash flows from operating activities		
Net profit	44,996,433.29	43,750,057.46
Add: Credit impairment losses	5,584,264.01	4,979,174.61
Provision for assets impairment		3,009,926.77
Depreciation of fixed assets	25,894,996.77	23,833,784.01
Depreciation of right-of-use assets	18,029,069.41	20,598,505.54
Amortisation of intangible assets	14,438,528.08	14,041,984.18
Amortisation of long-term prepaid expenses	21,061,381.76	22,717,392.28
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains represented with "-" signs)	279,345.28	
Losses on scrapping of fixed assets (gains represented with "-" signs)	240,975.11	81,684.66
Losses on changes in fair value (gains represented with "-" signs)	98,523.19	
Finance expenses (gains represented with "-" sign)	31,771,743.44	19,169,067.42
Investment losses (gains represented with "-" sign)	-1,680,199.57	195,725.93
Decrease in deferred tax assets (increase represented with "-" signs)	205,697.59	-9,314,304.24
Increase in deferred tax liabilities (decrease represented with "-" signs)	-2,772,106.65	421,337.69
Decrease in inventories (increase represented with "-" signs)	8,710,539.49	3,557,785.89
Decrease in operating receivables (increase represented with "-" signs)	18,734,703.28	13,057,344.16
Increase in operating payables (decrease represented with "-" signs)	-69,825,584.55	-46,508,127.66
Others	767,673.68	
Net cash flows from operating activities	116,535,983.61	113,591,338.70

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (*Continued*)

(LV) Supplementary information to the cash flow statement (*Continued*)

1. *Supplementary information to the cash flow statement (Continued)*

Supplementary information	Amount for the current period	Amount for the previous period
2. Significant non-cash transactions in relation to investing and financing activities		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Right-of-use assets acquired by assuming lease liabilities		
3. Net movement in cash and cash equivalents		
Cash at the end of the period	366,789,288.94	262,868,904.62
Less: Cash at the beginning of the period	404,723,339.37	258,595,990.97
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	-37,934,050.43	4,272,913.65

2. *Composition of cash and cash equivalents*

Items	Balance as at the end of the period	Balance as at the end of the previous year
I. Cash	366,789,288.94	262,868,904.62
Including: Cash on hand	315,188.51	209,188.36
Cash at bank that can be readily drawn on demand	365,833,425.73	262,235,513.11
Other cash balances that can be readily drawn on demand	640,674.70	424,203.15
II. Cash equivalents		
Including: Bond investments due within three months		
III. Cash and cash equivalents at the end of the period	366,789,288.94	262,868,904.62
Including: Cash and cash equivalents held but not used by the parent company or subsidiaries within the Group		

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

V. Changes in scope of consolidation

(I) Disposal of subsidiaries

1. Transactions or events in which control of subsidiaries was lost during the period

Name of subsidiary	Disposal price at the date of loss of control	Percentage of disposals at the date of loss of control (%)	Disposal at the date of loss of control	Date of loss of control	Basis for determining the date of loss of control	Difference between the consideration for disposal and the share of net assets of the subsidiary at the level of the relevant consolidated financial statements	Carrying amount of remaining equity at the level of the relevant consolidated financial statements	Fair value of remaining equity at the level of the relevant consolidated financial statements	Gain or loss on fair value remeasurement of remaining equity interests	Determination method and major assumptions of the fair value of remaining equity at the level of the relevant consolidated financial statements	Amount transferred into investment gain or loss/ retained earnings from other comprehensive income relating to the equity investment in the former subsidiary
Wenzhou Yuji Health Technology Co., Ltd (温州育己健康科技有限公司)	432,733.42	55.00	equity transfers	2024.1.1	change of title	-155,627.85	-	-	-	-	-

(II) Changes in the scope of consolidation due to other reasons

- On March 1, 2024, the Company's subsidiary, Chun'an Qiandao Lake Kangning Hospital Co., Ltd., completed the deregistration with industry and commerce.
- On April 24, 2024, the Company established a wholly-owned subsidiary, Zhejiang Yining Geriatric Hospital Management Co., Ltd.
- On May 24, 2024, the Company's subsidiary, Zhejiang Kangning Hospital Management (Group) Co., Ltd., established a wholly-owned subsidiary Wenzhou Gaopin Fangzhou Hospital Co., Ltd.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VI. Interests in other entities

(I) Interests in subsidiaries

1. Structure of the Group

Name of Subsidiary	Type of legal entity	Registered capital (RMB'0,000)	Major business location	Place of registration	Nature of business	Shareholding (%)		Method of acquisition
						Direct	Indirect	
Zhejiang Kangning Hospital Management (Group) Co., Ltd.	LC	20,000.00	Ningbo	Ningbo	Hospital management	100.00		Incorporation
Pingyang Kangning Hospital Co., Ltd.	LC	600.00	Pingyang	Pingyang	Medical service		100.00	Incorporation
Wenzhou Yining Geriatric Hospital Co., Ltd.	LC	6,000.00	Wenzhou	Wenzhou	Medical service		100.00	Incorporation
Quzhou Yining Hospital Co., Ltd.	LC	3,000.00	Quzhou	Quzhou	Medical service		60.00	Incorporation
Taizhou Luqiao Cining Hospital Co., Ltd.	LC	1,000.00	Taizhou	Taizhou	Medical service		51.00	Incorporation
Yiwu Kangning Hospital Management Co., Ltd.	LC	3,000.00	Yiwu	Yiwu	Hospital management		100.00	Incorporation
Taizhou Kangning Hospital Co., Ltd.	LC	1,000.00	Taizhou	Taizhou	Medical service		51.00	Combination not under common control
Hangzhou Cining Hospital Co., Ltd.	LC	100.00	Hangzhou	Hangzhou	Medical service		100.00	Incorporation
Wenzhou Tianzhentang Chinese Medicine Clinic Co., Ltd.	LC	500.00	Wenzhou	Wenzhou	Medical service		100.00	Incorporation
Zhejiang Jerinte Health Technology Co., Ltd.	LC	1,000.00	Hangzhou	Hangzhou	Technology service		100.00	Incorporation
Wenzhou Jerinte Jingxin Technology Co., Ltd.	LC	1,000.00	Wenzhou	Wenzhou	Technology service		100.00	Incorporation
Nanjing Yining Hospital Co., Ltd.	LC	1,000.00	Nanjing	Nanjing	Medical service		85.65	Combination not under common control
Heze Yining Psychiatric Hospital Co., Ltd.	LC	3,000.00	Heze	Heze	Medical service		51.00	Combination not under common control
Guanxian Yining Hospital Co., Ltd.	LC	1,000.00	Guanxian	Guanxian	Medical service		90.00	Combination not under common control
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	LC	753.00	Taizhou	Taizhou	Medical service		68.80	Combination not under common control
Beijing Yining Hospital Co., Ltd.	LC	4,653.67	Beijing	Beijing	Medical service		67.77	Incorporation
Wenzhou Yixin Health Technology Co., Ltd.	LC	50.00	Wenzhou	Wenzhou	Technology service		100.00	Combination not under common control
Huainan Kangning Hospital Co., Ltd.	LC	1,000.00	Huainan	Huainan	Medical service		95.00	Combination not under common control

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VI. Interests in other entities *(Continued)*

(I) Interests in subsidiaries *(Continued)*

1. Structure of the Group *(Continued)*

Name of Subsidiary	Type of legal entity	Registered capital (RMB'0,000)	Major business location	Place of registration	Nature of business	Shareholding (%)		Method of acquisition
						Direct	Indirect	
Zhejiang Yining Health Technology Co., Ltd.	LC	2,040.82	Hangzhou	Hangzhou	Technology service		98.00	Incorporation
Wenzhou Yining Drugstore Co., Ltd.	LC	50.00	Wenzhou	Wenzhou	Drug retail		100.00	Incorporation
Yining Psychology Internet Hospital (Wenzhou) Co., Ltd.	LC	500.00	Wenzhou	Wenzhou	Hospital management		100.00	Incorporation
Zhejiang Dening Pharmaceutical Co., Ltd.	LC	1,000.00	Wenzhou	Wenzhou	Pharmaceutical retail		80.00	Incorporation
Changchun Kanglin Psychological Hospital Co., Ltd.	LC	2,200.00	Changchun	Changchun	Medical service		64.55	Combination not under common control
Hangzhou Yining Medical Equipment R&D Co., Ltd.	LC	500.00	Hangzhou	Hangzhou	Technology service		100.00	Incorporation
Hangzhou Yining Nursery Service Co., Ltd.	LC	100.00	Hangzhou	Hangzhou	Nursing care		100.00	Incorporation
Linhai Cining Hospital Co., Ltd.	LC	5,000.00	Taizhou	Taizhou	Medical service		100.00	Incorporation
Shenzhen Yining Hospital	LC	6,000.00	Shenzhen	Shenzhen	Medical service		55.00	Incorporation
Pujiang Yining Huangfeng Hospital Co., Ltd. (浦江怡寧黃鋒醫院有限公司)	LC	1,400.00	Jinhua	Jinhua	Medical service		66.00	Incorporation
Chun'an Kangning Huangfeng Hospital Co., Ltd.	LC	1,000.00	Hangzhou	Hangzhou	Medical service		60.00	Incorporation
Cangnan Kangning Hospital Co., Ltd.	LC	5,000.00	Cangnan	Cangnan	Medical service	100.00		Incorporation
Cangnan Yining Nursing Center Co., Ltd.	LC	1,000.00	Cangnan	Cangnan	Medical service		100.00	Incorporation
Yueqing Kangning Hospital Co., Ltd.	LC	100.00	Yueqing	Yueqing	Medical service	100.00		Incorporation
Linhai Kangning Hospital Co., Ltd.	LC	200.00	Taizhou	Taizhou	Medical service	85.00		Incorporation
Wenzhou Ouhai Yining Geriatric Hospital Co., Ltd.	LC	1,000.00	Wenzhou	Wenzhou	Medical service	65.00		Incorporation
Qingtian Kangning Hospital Co., Ltd.	LC	3,200.00	Lishui	Lishui	Medical service	100.00		Incorporation
Wenzhou Cining Hospital Co., Ltd.	LC	2,585.98	Wenzhou	Wenzhou	Medical service	100.00		Combination not under common control
Wenzhou Kangning Judicial Forensic Centre	LC	50.00	Wenzhou	Wenzhou	Judicial expertise	100.00		Incorporation
Wenzhou Lucheng Yining Hospital Co., Ltd.	LC	8,000.00	Wenzhou	Wenzhou	Medical service	60.00		Incorporation
Yongjia Kangning Hospital Co., Ltd.	LC	2,700.00	Wenzhou	Wenzhou	Medical service	100.00		Incorporation

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VI. Interests in other entities *(Continued)*

(I) Interests in subsidiaries *(Continued)*

1. Structure of the Group *(Continued)*

Name of Subsidiary	Type of legal entity	Registered capital (RMB'0,000)	Major business location	Place of registration	Nature of business	Shareholding (%)		Method of acquisition
						Direct	Indirect	
Pingyang Changgeng Yining Hospital Co., Ltd.	LC	3,057.47	Wenzhou	Wenzhou	Medical service	100.00		Combination not under common control
Yueqing Yining Integrated Traditional Chinese and Western Medicine Hospital Co., Ltd.	LC	9,800.00	Yueqing	Yueqing	Medical service	100.00		Combination not under common control
Jinyun Shuning Hospital Co., Ltd.	LC	2,398.26	Jinyun	Jinyun	Medical service	55.00		Combination not under common control
Loudi City Kangle Kangning Hospital Co., Ltd.	LC	1,940.00	Loudi	Loudi	Medical service	51.00		Combination not under common control
Longquan Kangning Hospital Co., Ltd.	LC	3,000.00	Lishui	Lishui	Medical service		100.00	Incorporation
Wenzhou Anken Pharmacy Co., Ltd.	LC	100.00	Wenzhou	Wenzhou	Drug retail		100.00	Combination not under common control
Dongkou Lening Hospital Co., Ltd.	LC	1,800.00	Shaoyang	Shaoyang	Medical service	51.00		Combination not under common control
Wenzhou Kangning Psychological Consulting Co., Ltd.	LC	50.00	Wenzhou	Wenzhou	Medical service	100.00		Incorporation
Jiaxing Jiulikang Zizheng Equity Investment Partnership (Limited Partnership)	LC	6,001.00	Jiaxing	Jiaxing	Equity investments	66.60	33.30	Incorporation
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	LC	2,083.33	Chengdu	Chengdu	Medical service		49.33	Combination not under common control
Wenzhou Gaopin Fangzhou Hospital Co., Ltd.	LC	1,000.00	Wenzhou	Wenzhou	Medical service		100.00	Incorporation
Zhejiang Yining Geriatric Hospital Management Co., Ltd.	LC	20,000.00	Wenzhou	Wenzhou	Hospital Management	100.00		Incorporation

Explanation on the shareholding ratio in subsidiaries being different from the voting rights ratio therein:

According to the articles of association of Wenzhou Ouhai Yining Geriatric Hospital, the voting rights shall be exercised by the shareholders in accordance with the proportion of paid-up capital contribution, and the Company's paid-up capital contribution proportion is 100%.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VI. Interests in other entities *(Continued)*

(I) Interests in subsidiaries *(Continued)*

2. Significant non-wholly-owned subsidiaries

Name of Subsidiary	Shareholding percentage of non-controlling shareholder	Current profits or losses attributable to non-controlling shareholders	Current dividends distributed to non-controlling shareholders	Closing balance of interest of non-controlling shareholders
Wenzhou Lucheng Yining Hospital Co., Ltd.	40.00%	44,686.00		30,411,626.36
Jinyun Shuning Hospital Co., Ltd.	45.00%	-1,622,191.24		16,064,103.54

3. Major financial information of the significant non-wholly-owned subsidiaries

Name of Subsidiary	Balance as at the end of the period						Balance as at the end of the previous year					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Wenzhou Lucheng Yining Hospital Co., Ltd.	8,793,123.17	162,275,430.25	171,068,553.42	39,487.47	95,000,000.00	95,039,487.47	12,771,926.28	126,317,515.02	139,089,441.30	48,340.35	75,123,750.00	75,172,090.35
Jinyun Shuning Hospital Co., Ltd.	8,951,720.53	70,164,028.21	79,115,748.74	14,151,720.45	28,010,857.21	42,162,577.66	13,868,975.32	71,012,513.90	84,881,489.22	15,643,448.52	28,680,000.20	44,323,448.72

Name of Subsidiary	Amount for the current period				Amount for the previous period			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Wenzhou Lucheng Yining Hospital Co., Ltd.		111,715.00	111,715.00	7,479,658.56	-1,000,974.74	-1,000,974.74	-3,869,458.16	
Jinyun Shuning Hospital Co., Ltd.	9,111,507.81	-3,604,869.42	-3,604,869.42	-2,290,097.91	16,050,977.70	-2,852,161.57	-2,852,161.57	-8,603,908.46

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VI. Interests in other entities *(Continued)*

(II) Transactions that cause changes in the share of owners' equity in subsidiaries that do not result in loss of control

1. *Explanation on change in the share of owners' equity in subsidiaries*

In February 2024, according to the resolution of the shareholders' meeting of Beijing Yining Hospital Co., Ltd., a subsidiary indirectly held by the Company, its shareholder Ningbo Meishan Bonded Port Area Kuanzhan Investment Management Partnership (Limited Liabilities Partnership) withdrew by capital reduction at the price of RMB0.3 per RMB1 registered capital, reducing the registered capital by RMB15,300,000.00. Upon the completion of the capital reduction, the registered capital of Beijing Yining Hospital Co., Ltd. was changed to RMB46,536,700.00, of which the indirect shareholding ratio of the Company was changed from 51% to 67.77%.

At the time point of the shareholding change arising from the above-mentioned capital reduction, the difference between the relevant share of net assets enjoyed by the Company according to the shareholding ratio after the change and the relevant share of net assets continuously measured based on the shareholding ratio before the change was RMB3,375,411.44, which was recorded in the capital reserve (share premium) accordingly.

(III) Interests in joint arrangements or associates

1. *Major joint ventures or associates*

Name of joint venture or associate	Major business location	Place of registration	Nature of business	Shareholding (%)		Accounting method for investment in joint ventures or associates	Whether strategic to the Company's activities or not
				Direct	Indirect		
Wenzhou Longwan Yining Hospital Co., Ltd.	Wenzhou	Wenzhou	Medical service	45.00		Equity method	Yes
Shaanxi Shanda Hospital Management Consulting Co., Ltd.	Xi'an	Xi'an	Hospital management		30.00	Equity method	Yes

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VI. Interests in other entities *(Continued)*

(III) Interests in joint arrangements or associates *(Continued)*

2. Major financial information of significant associates

	Closing balance/amount for the current period		Opening balance/amount for the previous period	
	Wenzhou Longwan Yining Hospital Co., Ltd.	Shaanxi Shanda Hospital Management Consulting Co., Ltd.	Wenzhou Longwan Yining Hospital Co., Ltd.	Shaanxi Shanda Hospital Management Consulting Co., Ltd.
Current assets	5,919,113.19	44,911,330.78	46,656,767.88	71,300,257.36
Non-current assets	192,825,147.06	112,258,865.02	152,199,429.22	117,230,334.02
Total assets	198,744,260.25	157,170,195.80	198,856,197.10	188,530,591.38
Current liabilities	37,799,777.29	80,049,646.18	37,541,901.86	97,460,588.12
Non-current liabilities	35,000,000.00	454,341.99	35,000,000.00	15,000,000.00
Total liabilities	72,799,777.29	80,503,988.17	72,541,901.86	112,460,588.12
Non-controlling interests		17,565,753.51		19,343,974.26
Equity attributable to shareholders of the parent company	125,944,482.96	59,100,454.12	126,314,295.24	56,726,029.00
Share of net assets calculated by proportion of shareholding	56,675,017.33	22,999,862.29	56,841,432.86	22,821,000.98
Adjustment				
– Goodwill				
– Unrealised profit of intra-group transaction				
– Others				
Carrying amount of equity investment in associates				
Fair value of equity investments in associates with public offer				
Operating revenue		45,293,374.09		47,654,671.86
Net profit	-369,812.28	2,374,425.12	-257,993.98	1,052,984.93
Net profit of discontinuing operations				
Other comprehensive income				
Total comprehensive income	-369,812.28	2,374,425.12	-257,993.98	1,052,984.93
Dividends received from associates in the period				

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VII. Risks related to financial instruments

(I) Various risks associated with financial instruments

During its business operation, the Company faces various financial risks: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks). The above financial risks and the risk management policies taken by the Company to mitigate these risks are set out as below:

The board of directors is responsible for planning and establishing the Company's risk management framework, formulating the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks the Company is exposed to. These risk management policies specify specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates the changes in the market environment and the Company's business activities to decide whether to update the risk management policies and systems. The Company's risk management is carried out by the Strategy and Risk Management Committee in accordance with the policies approved by the board of directors. The Strategy and Risk Management Committee identifies, evaluates and avoids relevant risks through close cooperation with other business departments of the Company. The Company's internal audit department regularly audits the risk management controls and procedures, and reports their findings to the Company's Audit Committee.

The Company diversifies its exposure to financial instruments through an appropriately diversified portfolio of investments and businesses, and reduces the risk of concentration in a single industry, a specific region or a specific counter-party by formulating corresponding risk management policies.

1. *Credit risk*

Credit risk refers to the risk of financial loss to the Company caused by the counter-party's failure to perform its contractual obligations.

The Company's credit risk mainly sources from monetary funds, accounts receivable, and other receivables.

The Company's monetary funds are mainly bank deposits deposited in state-owned banks with good reputation and high credit rating and other large and medium-sized listed banks. The Company believes that there is no significant credit risk and it will hardly generate significant losses caused by bank default.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VII. Risks related to financial instruments (*Continued*)

(I) Various risks associated with financial instruments (*Continued*)

1. *Credit risk (Continued)*

The Company's accounts receivables are mainly sales of medicines and provision of medical services to patients, and also management service fees receivables. According to the social security policy of each hospital of the Company, medical fees of patients are usually jointly borne by the patients and social insurance. The Company usually collects part of the advance payment during the patient admission procedures, and the patients are required to settle their responsible part of the fee during the discharge procedures. For those fees unsettled by the patients at the time of discharge, the Company will recover from the patients through regular collections. For the medical fees borne by social insurance, the Company will reimburse the social insurance institution in a timely manner after issuing invoices to patients. The reimbursement is usually recovered within 2-9 months after application, for which the Company believes that there is no major credit risk. Some of the medical fees are also paid by government departments such as the Civil Affairs Bureau and Disabled Persons' Federation where the hospitals are located. The Company adopts different collection monitoring mechanisms for different payers.

2. *Liquidity risk*

Liquidity risk refers to the risk of capital shortage when an enterprise fulfills its obligation to settle by delivering cash or other financial assets.

It is the Company's policy to ensure that it has sufficient cash to meet debts due. Liquidity risk is centrally controlled by the financial department of the Company. By monitoring cash balances, marketable securities that can be readily liquidated and rolling projections of cash flows over the next 12 months, the finance department ensures that the Company has sufficient funds to repay its debts under all reasonable projections. At the same time, the finance department continuously monitors the Company's compliance with borrowing agreements and obtains commitments from major financial institutions to provide adequate standby funds to meet short and long-term funding needs.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VII. Risks related to financial instruments (*Continued*)

(I) Various risks associated with financial instruments (*Continued*)

2. Liquidity risk (*Continued*)

Various financial liabilities of the Company shall be presented at undiscounted contractual cash flows on the maturity date as follows:

Items	Closing balance					Total undiscounted contract amount	Book value
	Instant repayment	Within 1 year	1-2 years	2-5 years	Over 5 years		
Accounts payable		112,544,938.03				112,544,938.03	112,544,938.03
Other payables		68,487,137.05				68,487,137.05	68,487,137.05
Short-term borrowings		111,000,000.00				111,000,000.00	111,000,000.00
Non-current liabilities							
due within one year		108,286,381.25				108,286,381.25	108,286,381.25
Long-term borrowings			287,545,000.00	314,094,120.00	166,585,549.65	768,224,669.65	768,224,669.65
Lease liabilities			18,133,866.38	54,983,512.27	95,622,594.14	168,739,972.79	158,912,952.10
Long-term accounts payable			25,945,947.15	45,352,431.95		71,298,379.10	64,227,913.88
Total		400,318,456.33	331,624,813.53	414,430,064.22	262,208,143.79	1,408,581,477.87	1,210,651,916.88

Items	Balance as at the end of the previous year					Total undiscounted contract amount	Book value
	Instant repayment	Within 1 year	1-2 years	2-5 years	Over 5 years		
Notes payable		1,545,021.09				1,545,021.09	1,545,021.09
Bank borrowings		340,005,699.32	270,474,264.25	228,670,426.19	158,782,942.13	997,933,331.89	864,740,914.69
Lease liabilities		28,643,888.99	44,408,365.80	71,261,748.80	69,158,488.54	213,472,492.13	191,883,421.75
Long-term accounts payable		43,175,648.00	19,331,148.00	55,701,622.66		118,208,418.66	103,099,208.53
Accounts payables		110,060,007.67				110,060,007.67	110,060,007.67
Other payables		150,270,575.15				150,270,575.15	150,270,575.15
Total		673,700,840.22	334,213,778.05	355,633,797.65	227,941,430.67	1,591,489,846.59	1,421,599,148.88

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VII. Risks related to financial instruments (*Continued*)

(I) Various risks associated with financial instruments (*Continued*)

3. *Market risk*

Market risk associated with financial instruments refers to the risk of fluctuation in the fair value or future cash flows of financial instruments due to changes in market prices, and it includes exchange rate risk, interest rate risk and other price risks.

(1) *Interest rate risk*

Interest rate risk refers to the risk of fluctuation in the fair value or future cash flows of financial instruments due to changes in market interest rate.

Interest-bearing financial instruments at fixed rates and at floating rates expose the Company to fair value interest risk and cash flow interest rate risk, respectively. The Company determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to maintain an appropriate mix of fixed and floating rate instruments. The Company will use interest rate swap instruments to hedge interest rate risk when necessary.

On June 30, 2024, the Company's long-term interest bearing borrowings were mainly RMB – denominated with fixed rates.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VII. Risks related to financial instruments (*Continued*)

(I) Various risks associated with financial instruments (*Continued*)

3. Market risk (*Continued*)

(2) Exchange rate risk

Exchange rate risk refers to the risk of fluctuation in the fair value or future cash flows of financial instruments due to changes in foreign exchange rate.

The Company continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risk. In addition, the Company may also enter into forward exchange contracts or currency swap contracts to avoid exchange rate risks. The Company did not enter into any foreign exchange forward contracts or currency swap contracts during the current and previous period.

The exchange rate risk faced by the Company mainly sources from the financial assets and financial liabilities denominated in US dollars, and the foreign currency assets and foreign currency liabilities are equivalent to the amount denominated in RMB indicated as below:

Items	Closing balance			Balance as at the end of the previous year		
	US\$	Other foreign currencies	Total	US\$	Other foreign currencies	Total
Cash and bank						
balances	285,090.74	45,278.51	330,369.25	81,905.11	52,061.43	133,966.54
Total	285,090.74	45,278.51	330,369.25	81,905.11	52,061.43	133,966.54

On June 30, 2024, when all other variables remain unchanged, the net profits of the Company would increase or decrease by RMB9,911.08 (on December 31, 2023: RMB4,019.00) supposing that RMB to US dollars appreciates or depreciates by 3%.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VII. Risks related to financial instruments (*Continued*)

(I) Various risks associated with financial instruments (*Continued*)

3. Market risk (*Continued*)

(3) Other price risk

Other price risks refer to the risks of fluctuation in the fair value or future cash flows of financial instruments due to changes in market prices other than exchange rate risk and interest rate risk.

The Company's other price risks arise primarily from investments in various equity instruments. There is the risk of changes in the prices of equity instruments.

On June 30, 2024, when all other variables remain unchanged, the net profits of the Company would increase or decrease by RMB2,170,524.92 (2023: Net profit of RMB2,269,330.55), respectively supposing that the values of equity instruments increase or decrease by 3%, the management thinks that 3% reflects the reasonable range of the possible changes in the equity instruments in the next year.

VIII. Disclosure of fair value

The input value used for measuring fair value is divided into three levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can acquire on the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability.

The level of fair value measurement depends on the lowest level of input that is significant to the entire fair value measurement.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VIII. Disclosure of fair value *(Continued)*

(I) Closing fair value of assets and liabilities measured at fair value

Items	Closing fair value			Total
	Measured at fair value at Level 1	Measured at fair value at Level 2	Measured at fair value at Level 3	
I. Continuous measurement of fair value				
Financial assets held for trading			7,599,178.13	7,599,178.13
1. Financial assets measured at fair value through profit or loss			7,599,178.13	7,599,178.13
(1) Investments in debt instruments				
(2) Investments in equity instruments			7,599,178.13	7,599,178.13
2. Financial asset designated to be measured at fair value through profit or loss				
Other non-current financial assets			64,751,652.55	64,751,652.55
1. Financial assets measured at fair value through profit or loss			64,751,652.55	64,751,652.55
(1) Investments in debt instruments				
(2) Investments in equity instruments			64,751,652.55	64,751,652.55
Total assets with continuous measurement of fair value			72,350,830.68	72,350,830.68
Financial liabilities held for trading			12,400,000.00	12,400,000.00
1. Financial liabilities held for trading			12,400,000.00	12,400,000.00
(1) Exchangeable bonds issued				
(2) Derivative financial liabilities				
(3) Other			12,400,000.00	12,400,000.00
2. Financial liabilities designated to be measured at fair value through profit or loss				
Total liabilities with continuous measurement of fair value			12,400,000.00	12,400,000.00

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

VIII. Disclosure of fair value *(Continued)*

(II) **Qualitative and quantitative information of valuation techniques and key parameters adopted for items measured at the fair value of level 3 on a going and non-going concern**

1. Management makes reference to the fair value of financial assets held for trading on the basis of recent transaction prices of the related equity instruments.
2. Management assessed the fair value of the financial liabilities held for trading resulting from the variable consideration in the Company's equity transaction of Hangzhou Yining using the income approach, and the inputs used included: average number of beds in operation, average consumption per bed day of inpatients, net sales margin, net increase in working capital, capital expenditure, discount rate, perpetual growth rate, etc. The relevant valuations were independently verified and accounted for by the Company's financial personnel, and disclosures relating to the fair value were prepared based on the verified valuation results.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IX. Related parties and related party transactions

(I) General information of the parent company

The ultimate controlling parties of the Company are: Guan Weili and his spouse Wang Lianyue

(II) Information of the Company's subsidiaries

Details of the Company's subsidiaries are set out in Note "VI. Interests in other entities".

(III) Information of the Company's joint ventures and associates

For details of the Company's significant joint ventures or associates, please refer to Note "VI. Interests in other entities".

The following joint ventures or associates entered into related party transactions with the Company during the period or had balances of related party transactions with the Company during the previous period:

Name of joint venture or associate	Relationship with the Company
Hangzhou Anken Medical Technology Co., Ltd.	Associate of the Company
Wenzhou Longwan Yining Hospital Co., Ltd.	Associate of the Company
Zhejiang Huangfeng Hospital Management Co., Ltd.	Associate of the Company
Shaanxi Shanda Hospital Management Consulting Co.,Ltd.	Associate of the Company
Chongqing Hechuan Kangning Hospital Co., Ltd.	Associate of the Company
Zhejiang Fengsheng Nutritional Technology Co., Ltd.	Associate of the Company

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IX. Related parties and related party transactions (*Continued*)

(IV) Information of other related parties

Name of other related parties	Other related parties' relationship with the Company
Cai Wenqin	Non-controlling shareholder of subsidiaries of the Company
Chen Guanghong	Non-controlling shareholder of subsidiaries of the Company
Jiang Danping	Non-controlling shareholder of subsidiaries of the Company
Ningbo Meishan Bonded Port Area Kuanzhan Investment Management Partnership (Limited Liabilities Partnership) (寧波梅山保稅港區寬展投資管理合夥企業(有限合夥))	Non-controlling shareholder of subsidiaries of the Company
Shandong Furen Hospital Management Co., Ltd.	Non-controlling shareholder of subsidiaries of the Company
Wang Hongyue	One of the substantial shareholders of the Company and an immediate family member of the ultimate controlling parties of the Company
Wu Lianxi	Non-controlling shareholder of subsidiaries of the Company
Wu Zihuang	Non-controlling shareholder of subsidiaries of the Company
Xu Xiuhu	Non-controlling shareholder of subsidiaries of the Company
Sichuan Hongji Pharmaceutical Co., Ltd. (四川省宏濟藥業有限責任公司)	Non-controlling shareholder of subsidiaries of the Company
Wang Changsheng	De facto controller of non-controlling shareholders of subsidiaries of the Company
Yiwu Mental Health Centre	Non-profit organisation invested by the Company with council members assigned
Zhejiang Tianqu Environment Construction Co., Ltd.	Non-controlling shareholder of subsidiaries of the Company
Zhejiang Yangge Property Management Co., Ltd.	Non-controlling shareholder of subsidiaries of the Company
Hangzhou Yining Hospital Co., Ltd.	It used to be an associate of the Company during the Reporting period
Wenzhou Anken Psychological Consultation Co., Ltd.	Subsidiaries of the Company's associate
Luonan Shanda Rehabilitation Hospital Co., Ltd.	Subsidiaries of the Company's associate

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IX. Related parties and related party transactions *(Continued)*

(V) Information on related party transactions

1. *Related party transactions on purchase or sale of goods and provision or acceptance of services*

Statement of sales of goods/provision of services

Related party	Related party transaction particulars	Amount for the period	Amount for the previous period
Zhejiang Fengsheng Nutrition Technology Co., Ltd.	Purchase of medicines	46,490.62	
Wenzhou Anken Psychological Consultation Co., Ltd.	Purchase of medicines	17,960.18	

Statement of sales of goods/provision of services

Related party	Related party transaction particulars	Amount for the period	Amount for the previous period
Yiwu Mental Health Centre	Medical management service	1,485,148.52	1,485,148.50
Hangzhou Yining Hospital Co., Ltd.	Provision of services	84,905.66	

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IX. Related parties and related party transactions (*Continued*)

(V) Information on related party transactions (*Continued*)

2. Related party guarantees

The Company acts as a guarantor:

Name of guaranteed party	Guaranteed amount	Commencement date	Expiry date	Whether the guarantee has been fulfilled
Yongjia Kangning Hospital Co., Ltd.	14,660,000.00	2019/9/10	2029/8/20	No
Yongjia Kangning Hospital Co., Ltd.	10,280,000.00	2020/1/1	2029/8/20	No
Yongjia Kangning Hospital Co., Ltd.	3,320,000.00	2020/12/22	2029/8/20	No
Yongjia Kangning Hospital Co., Ltd.	2,200,000.00	2020/9/27	2029/8/20	No
Yongjia Kangning Hospital Co., Ltd.	2,200,000.00	2020/9/27	2029/8/20	No
Yongjia Kangning Hospital Co., Ltd.	3,050,000.00	2021/3/1	2029/8/20	No
Yongjia Kangning Hospital Co., Ltd.	3,050,000.00	2021/3/1	2029/8/20	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	45,000,000.00	2023/7/3	2037/12/31	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	15,000,000.00	2023/7/31	2037/12/31	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	10,116,550.00	2023/10/25	2037/12/31	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	5,007,200.00	2023/11/24	2037/12/31	No
Qingtian Kangning Hospital Co., Ltd.	5,000,000.00	2020/3/25	2024/12/20	No
Qingtian Kangning Hospital Co., Ltd.	17,500,000.00	2020/5/22	2024/12/20	No
Quzhou Yining Hospital Co., Ltd.	60,000,000.00	2023/10/9	2031/10/9	No
Quzhou Yining Hospital Co., Ltd.	2,000,000.00	2023/3/31	2024/3/29	Yes
Linhai Cining Hospital Co., Ltd.	26,000,000.00	2023/4/3	2032/3/2	No

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IX. Related parties and related party transactions (*Continued*)

(V) Information on related party transactions (*Continued*)

2. Related party guarantees (*Continued*)

The Company acts as a guaranteed party:

Name of guarantor	Guaranteed amount	Commencement date	Expiry date	Whether the guarantee has been fulfilled
Yongjia Kangning Hospital Co., Ltd.	200,000,000.00		2026/12/24	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	200,000,000.00		2026/12/24	No
Cangnan Kangning Hospital Co., Ltd.	200,000,000.00		2026/12/24	No
Cangnan Kangning Hospital Co., Ltd.	66,474,000.00		2026/12/10	No
Yueqing Kangning Hospital Co., Ltd.	200,000,000.00		2026/12/24	No
Guang Weili, Wang Lianyue	24,000,000.00	2020/6/30	2027/6/30	No
Guang Weili, Wang Hongyue, Wang Lianyue	79,642,127.25	2021/11/29	2028/11/29	No
Guang Weili, Wang Hongyue, Wang Lianyue, Xu Yi	180,950,000.00	2020/10/26	2026/10/25	No
Guang Weili	70,000,000.00	2023/11/8	2026/11/15	No
Guang Weili, Wang Lianyue	135,000,000.00	2023/12/14	2024/12/14	No
Guang Weili, Wang Lianyue, Wang Hongyue	14,660,000.00	2019/9/10	2029/8/20	No
Guang Weili, Wang Lianyue, Wang Hongyue	10,280,000.00	2020/1/1	2029/8/20	No
Guang Weili, Wang Lianyue, Wang Hongyue	3,320,000.00	2020/12/22	2029/8/20	No
Guang Weili, Wang Lianyue, Wang Hongyue	2,200,000.00	2020/9/27	2029/8/20	No
Guang Weili, Wang Lianyue, Wang Hongyue	2,200,000.00	2020/9/27	2029/8/20	No
Guang Weili, Wang Lianyue, Wang Hongyue	3,050,000.00	2021/3/1	2029/8/20	No
Guang Weili, Wang Lianyue, Wang Hongyue	3,050,000.00	2021/3/1	2029/8/20	No
Guang Weili, Wang Lianyue, Wang Hongyue	45,000,000.00	2023/7/3	2037/12/31	No
Guang Weili, Wang Lianyue, Wang Hongyue	15,000,000.00	2023/7/31	2037/12/31	No
Guang Weili, Wang Lianyue, Wang Hongyue	10,116,550.00	2023/10/25	2037/12/31	No
Guang Weili, Wang Lianyue, Wang Hongyue	5,007,200.00	2023/11/24	2037/12/31	No
Guang Weili, Wang Lianyue, Wang Hongyue	5,000,000.00	2020/3/25	2024/12/20	No
Guang Weili, Wang Lianyue, Wang Hongyue	17,500,000.00	2020/5/22	2024/12/20	No
Guang Weili, Zhejiang Tianqu Environment Construction Co., Ltd, Zhejiang Yangge Property Management Co., Ltd.	60,000,000.00	2023/10/9	2031/10/9	No

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IX. Related parties and related party transactions (*Continued*)

(V) Information on related party transactions (*Continued*)

3. Money lending of related parties

Related parties	Placement amount	Commencement date	Expiry date	Description
Placements from banks and other financial institutions				
Wu Zihuang	900,000.00	2023/1/14	2024/1/14	Not yet repaid
Chongqing Hechuan Kangning Hospital Co., Ltd.	4,800,000.00	2023/6/7	2024/6/7	Not yet repaid
Luonan Shanda Rehabilitation Hospital	1,095,000.00	2023/9/29	–	
Zhejiang Yangge Property Management Co., Ltd.	2,508,250.00	2022/6/13	–	
Xu Xiuhu	2,000,000.00	2022/6/15	2023/6/14	Not yet repaid
Placements with banks and other financial institutions				
Wenzhou Longwan Yining Hospital Co., Ltd.	13,500,000.00	2023/1/10	2026/1/9	
Hangzhou Yining Hospital Co., Ltd.	33,273,577.42	2020/11/19	2023/5/18	Intended to negotiate debt restructuring
Sichuan Hongji Pharmaceutical Co., Ltd.	10,204,311.69	2015/6/1	–	Because it was involved in other large debt lawsuits, the bad debt had been fully provided for
Wang Changsheng	3,490,447.08	2015/9/1	–	

4. Remuneration of key management

Item	Amount for the current period	Amount for the previous period
Wages and salaries, and bonus	3,600,689.93	3,215,037.52
Share-based payment	436,155.63	

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IX. Related parties and related party transactions (*Continued*)

(VI) Receivables from and payables to related parties and other unsettled items

1. Receivables

Items	Related parties	Balance as at the end of the period		Balance as at the end of the previous year	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Hangzhou Yining Hospital Co., Ltd.			65,000.00	3,250.00
	Hangzhou Anken Medical Technology Co., Ltd	1,522.85	15.23	1,522.85	15.23
	Luonan Shanda Rehabilitation Hospital	635,000.00	6,350.00	635,000.00	6,350.00
Other receivables					
	Hangzhou Yining Hospital Co., Ltd.	23,066,977.13	23,066,977.13	34,005,471.02	1,700,273.55
	Wenzhou Longwan Yining Hospital Co., Ltd.	13,903,890.41	695,194.52	14,290,027.40	714,501.37
	Sichuan Hongji Pharmaceutical Co., Ltd.	10,204,311.69	10,204,311.69	10,204,311.69	10,204,311.69
	Wang Changsheng	3,490,447.08	3,490,447.08	3,490,447.08	3,490,447.08
	Hangzhou Anken Medical Technology Co., Ltd	16,836.66	841.83	16,836.66	841.83
	Chen Guanghong	100,000.00	1,000.00	100,000.00	1,000.00
	Xu Xiuhu	80,004.00	800.04	80,004.00	800.04
	Cai Wenqin	75,187.50	3,759.38	105,187.50	5,259.38
	Jiang Danping	431,587.50	21,579.38	479,707.50	23,985.38

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IX. Related parties and related party transactions (*Continued*)

(VI) Receivables from and payables to related parties and other unsettled items (*Continued*)

2. Payables

Items	Related parties	Book balance as at the end of the period	Book balance as at the end of the previous year
Accounts payable			
	Hangzhou Anken Medical Technology Co., Ltd	78,950.00	167,677.40
Other payables			
	Wu Lianxi	3,833,341.95	3,702,846.16
	Wu Zihuang	994,803.26	962,492.04
	Shandong Furen Hospital Management Co., Ltd	3,677,029.66	3,599,626.28
	Luonan Shanda Rehabilitation Hospital	1,095,000.00	1,095,000.00
	Chongqing Hechuan Kangning Hospital Co., Ltd.	4,839,241.37	2,021,750.00
	Ningbo Meishan Bonded Port Area Kuanzhan Investment Management Partnership		6,347,133.33
	Guan Weili		16,997,627.91
	Zhejiang Yangge Property Management Co., Ltd.	2,508,250.00	3,108,250.00
	Chen Guanghong	92,081.16	94,276.16
	Xu Xiuhu	2,333,369.95	2,261,567.19
	Ningbo Meishan Bonded Port Area Kuanzhan Investment Management Partnership	291,842.74	291,842.74
	Hangzhou Yining Hospital Co., Ltd.	93,142.79	93,142.79
	Zhejiang Huangfeng Hospital Management Co., Ltd	19,983.98	19,983.98

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

IX. Related parties and related party transactions (*Continued*)

(VII) Five Individuals with Highest Remunerations

For January to June 2024, five individuals with highest remunerations of the Company include two directors (January to June 2023: 0), the remunerations of the remaining three individuals with highest remunerations are reflected in below table:

Items	Amount for the current period	Amount for the previous period
Wages and salaries, bonus, housing allowance and other subsidies	1,174,589.67	2,096,606.59
Share-based payments	17,942.58	–
Total	1,192,532.25	2,096,606.59

Remuneration band	Number of individuals for the current period	Number of individuals for the previous period
500,000-1,000,000.00	3	4
Over 1,000,000.00	0	1
Total	3	5

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

X. Share-based payment

(I) Summary of share-based payment

Total equity instruments of the Company granted in the current period:

1. *Equity Incentive Scheme*

On June 13, 2018, the Company held its annual shareholders' meeting of 2018 and approved Wenzhou Kangning Hospital Equity Payment Plan 2018, which authorised the Board to handle the Company's employee share incentive plan. The Board of the Company reviewed and approved Proposal on the Granting of Restricted Shares to Incentive Objects on June 29, 2018 and August 20, 2018, respectively. The Company prepared to establish five employee share ownership platforms, including Wenzhou Zhenyan Kangning Investment Management Partnership (Limited Liabilities Partnership), Wenzhou Jiamei Kangning Investment Management Partnership (Limited Liabilities Partnership), Wenzhou Enquan Kangning Investment Management Partnership (Limited Liabilities Partnership), Wenzhou Jiata Kangning Investment Management Partnership (Limited Liabilities Partnership) and Wenzhou Shouwang Kangning Investment Management Partnership (Limited Liabilities Partnership), and issue 2,460,000 domestic shares to these employee share ownership platforms at an issue price of RMB10.47 per share. As of December 31, 2021, the above equity interests have been granted to relevant incentive objects.

Range of exercise prices and remaining contractual period for other equity instruments of the Company at the end of the period:

The range of exercise price of other equity instruments at the end of the period can be referred to the transaction price among shareholders during the period, based on a total locked-up period of 48 months, which expired in July 2022. As at June 30, 2024, the related costs were all amortised (June 30, 2023: the related costs were all amortised).

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

X. Share-based payment (*Continued*)

(I) Summary of share-based payment (*Continued*)

2. *H Share Award and Trust Scheme*

In order to attract and motivate core technical backbones and management personnel with rich skills and experience, so as to retain such personnel to continue to serve the Company's future continuous operation and development, the Company, in accordance with the provisions of the Company Law of the People's Republic of China and other relevant laws, administrative regulations, normative documents and the Articles of Association of the Company, has formulated the H Share Award and Trust Scheme, which was considered and approved by the Company at the 2023 first extraordinary general meeting held on September 27, 2023. Pursuant to the H Share Award and Trust Scheme, the Company entered into a trust contract with the trustee to establish a trust for the purpose of serving the H Share Award and Trust Scheme, and the trustee assists in the administration of the H Share Award and Trust Scheme and, subject to compliance with the trust contract and the Company's instructions, purchases the H Shares of the Company by way of on-exchange transactions, which would be purchased through remittance to the trust by the Company and retained and disposed of by the trustee in accordance with the Company's instructions. Such H Shares of the H Share Award and Trust Scheme shall not exceed 5% of the total share capital of the Company following the date on which the mandate of the H Share Award and Trust Scheme is approved or at the date on which the approval of updating the limit is obtained, representing 3,730,015 shares. The awards granted to the selected participants shall be held by the trustee on behalf of the selected participants and the trustee shall release the award shares from the trust to the selected participants at the instruction of the Board and/or its authorized persons for the purpose of vesting the awards, or sell the award shares by way of on-exchange transactions at the prevailing market price in accordance with the provisions of the H Share Award and Trust Scheme and the terms of the relevant trust contract and pay the amount of sales to the selected participants.

In respect of the H Share Award and Trust Scheme, the selected participants (including connected persons) of the first actual grant comprised a total of 36 persons, with 364,100 incentive shares granted. The selected participants (including connected persons) of the second phase of the actual grant comprised a total of 36 persons, with 616,000 incentive shares granted. The selected participants (including connected persons) of the third phase of the actual grant comprised a total of 52 persons, with 335,000 incentive shares granted. As of June 30, 2024, excluding 7 participants who exited with a total of 75,000 corresponding incentive shares, the selected participants of the actual grant under the H Share Award and Trust Scheme comprised 101 persons, with a total of 1,240,100 incentive shares granted. The incentive shares granted accounted for 1.66% of the total issued share capital of the Company.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

X. Share-based payment (*Continued*)

(I) Summary of share-based payment (*Continued*)

2. H Share Award and Trust Scheme (*Continued*)

Total exercised equity instruments of the Company in the current period: nil

Total invalid equity instruments of the Company in the current period: nil

Range of exercise prices and remaining contractual period for other equity instruments of the Company at the end of the period:

The range of exercise price of other equity instruments at the end of the period can be referred to the transaction price among shareholders during the period, based on a total locked-up period of 48 months.

(II) Equity-settled share-based payment

Method for determining the fair value of equity instruments at the grant date:

By reference to the open market trading prices at the grant date of RMB10.87 per share and RMB10.47 per share.

Method for determining the best estimate of the number of exercisable equity instruments:

The in-service requirement during the locked-up period would affect the number of exercisable equity instruments, so the best estimate of the number of exercisable instruments was made based on the relevant severance rate.

Reasons for significant difference between current estimate and previous estimate: nil

Accumulated amount of equity-settled share-based payment included in the capital surplus:

As at June 30, 2024, the accumulated amount of equity-settled share-based payment included in the capital surplus was RMB45,625,047.88.

Total amount of equity-settled share-based payment recognized in the current period: RMB767,673.68.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XI. Commitments

(I) Significant commitments

1. Commitments for capital expenditures

The following are commitments for asset-based expenditures contracted by the Company as of the balance sheet date that are not yet required to be shown on the balance sheet:

	June 30, 2024	December 31, 2023
House, building & equipment	55,890,951.92	122,040,000.00
Total	55,890,951.92	122,040,000.00

2. Outward investment commitments

As of June 30, 2024, the Company had no commitments for outward investments.

(II) Contingencies

The Company had no significant contingencies that needed to be disclosed.

XII. Events after the balance sheet date

(I) Profit distribution

The Board recommends the payment of an interim dividend. Based on the total share capital prior to the record date for the implementation of the 2024 interim profit distribution plan (excluding the shares repurchased but not cancelled by the Company), a cash dividend of RMB1.50 (tax inclusive) per 10 shares are proposed to be distributed to all shareholders of the Company.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XIII. Capital management

The main objectives of the Company's capital management are:

- to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and other stakeholders on an on-going basis;
- to price the products and services according to the risk level, so as to provide sufficient returns to shareholders.

The Company sets a capital that is proportional to the risk. The capital structure is managed and adjusted according to the change of the economic environment and the risk characteristics of the target assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Company monitors capital on the basis of an adjusted debt/capital ratio.

As at the balance sheet date, the adjusted debt/capital ratio was as follows:

	Balance as at the end of the period	Balance as at the end of the previous year
Debt/capital ratio	52.58%	53.79%

XIV. Other significant events

(I) Segment Information

Each segment of the Company provides different products and services or engages in business operations at different areas. Due to the demands of each segment for different technology and market strategy, the Company's management monitors different segments in respect of their business activities separately, and evaluates their operating results on a regular basis in order to allocate resources and evaluate performance.

As the Company transferred its equity interest in Wenzhou Guoda Investment in June 2021, the Company had only one reporting segment.

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company

(I) Accounts receivable

1. Accounts receivable disclosed by aging

Aging	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year	51,071,471.71	48,552,078.47
1-2 years	11,406,851.48	257,315.13
2-3 years	257,315.13	709,878.26
Over 3 years	4,616,400.13	3,906,521.87
Sub-total	67,352,038.45	53,425,793.73
Less: Provision for bad debts	11,362,291.77	5,359,236.04
Total	55,989,746.68	48,066,557.69

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company (Continued)

(I) Accounts receivable (Continued)

2. Accounts receivable disclosed by classification of provision for bad debts

Category	Balance as at the end of the period					Balance as at the end of the previous year				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts on individual basis	4,873,715.26	7.24	4,873,715.26	100.00		4,873,715.26	9.12	4,873,715.26	100.00	
Including:										
Medical fees due from patients	4,873,715.26	7.24	4,873,715.26	100.00		4,873,715.26	9.12	4,873,715.26	100.00	
Provision for bad debts based on a combination of credit risk characteristics	57,018,962.00	92.76	6,488,576.51	11.38	50,530,385.49	48,552,078.47	90.88	485,520.78	1.00	48,066,557.69
Including:										
Amounts from related parties within the scope of consolidation	5,459,361.19	8.11			5,459,361.19					
Overdue days grouping	57,018,962.00	84.66	6,488,576.51	11.38	50,530,385.49	48,552,078.47	90.88	485,520.78	1.00	48,066,557.69
Total	67,352,038.45	100.00	11,362,291.77		55,989,746.68	53,425,793.73	100.00	5,359,236.04		48,066,557.69

Significant accounts receivable provided for bad debts on individual basis:

Items	Balance as at the end of the period				Balance as at the end of the previous year	
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for the provision	Book balance	Provision for bad debts
Medical fees due from patients	4,873,715.26	4,873,715.26	100.00	Not expect to be recoverable	4,873,715.26	4,873,715.26
Total	4,873,715.26	4,873,715.26			4,873,715.26	4,873,715.26

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company (Continued)

(I) Accounts receivable (Continued)

2. Accounts receivable disclosed by classification of provision for bad debts (Continued)

Provision for bad debts based on a combination of credit risk characteristics:

Item with provision on grouping basis:

Items	Balance as at the end of the period		
	Accounts receivable	Provision for bad debt	Proportion of provision (%)
Overdue days grouping	57,018,962.00	6,488,576.51	11.38
Total	57,018,962.00	6,488,576.51	

3. Provision for bad debts provided for, reversed or recovered in the current period

Category	Balance as at the end of the previous year	Changes in the current period			Balance as at the end of the period
		Provided for	Recovered or reversed	Written-back or written-off	
Medical fees due					
from patients	4,873,715.26				4,873,715.26
Overdue days grouping	485,520.78	6,003,055.73			6,488,576.51
Total	5,359,236.04	6,003,055.73			11,362,291.77

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company (Continued)

(II) Other receivables

Items	Balance as at the end of the period	Balance as at the end of the previous year
Interest receivable	787,500.00	
Dividends receivable	14,400,000.00	14,400,000.00
Other receivables	607,735,083.60	586,048,325.58
Total	622,922,583.60	600,448,325.58

1. Interest receivables

Interest receivable classification

Items	Balance as at the end of the period	Balance as at the end of the previous year
Time deposit certificate	787,500.00	
Total	787,500.00	

2. Dividends receivable

Item (or investee)	Balance as at the end of the period	Balance as at the end of the previous year
Cangnan Kangning Hospital Co., Ltd.	4,400,000.00	4,400,000.00
Qingtian Kangning Hospital Co., Ltd.	10,000,000.00	10,000,000.00
Subtotal	14,400,000.00	14,400,000.00

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company (Continued)

(II) Other receivables (Continued)

3. Other receivables

(1) Disclosed by aging

Aging	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year	571,062,190.36	552,853,728.97
1 to 2 years	5,089,808.65	34,594,797.65
2 to 3 years	33,287,580.41	496,167.22
Over 3 years	1,158,794.57	908,479.96
Subtotal	610,598,373.99	588,853,173.80
Less: Provision for bad debts	2,863,290.39	2,804,848.22
Total	607,735,083.60	586,048,325.58

(2) Disclosed by classification of provision for bad debts

Category	Balance as at the end of the period				Balance as at the end of the previous year					
	Book balance		Provision for bad debts		Book balance		Provision for bad debts			
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Amount	Proportion (%)	Amount	Proportion of provision (%)		
Provision for bad debts based on a combination of credit risk characteristics	610,598,373.99	100.00	2,863,290.39	0.47	607,735,083.60	588,853,173.80	100.00	2,804,848.22	0.48	586,048,325.58
Including:										
Aging grouping	80,464,046.88	13.18	2,863,290.39	3.56	77,600,756.49	75,462,768.59	12.82	2,804,848.22	3.72	72,657,920.37
Amounts from related parties within the scope of consolidation	530,134,327.11	86.82			530,134,327.11	513,390,405.21				513,390,405.21
Total	610,598,373.99	100.00	2,863,290.39	/	607,735,083.60	588,853,173.80	100.00	2,804,848.22	/	586,048,325.58

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company (Continued)

(II) Other receivables (Continued)

3. Other receivables (Continued)

(2) Disclosed by classification of provision for bad debts (Continued)

Provision for bad debts based on a combination of credit risk characteristics:

Item with provision on grouping basis:

Name	Balance as at the end of the period		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Aging grouping	80,464,046.88	2,863,290.39	3.56
Amounts from related parties within the scope of consolidation	530,134,327.11		
Total	610,598,373.99	2,863,290.39	

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company (Continued)

(II) Other receivables (Continued)

3. Other receivables (Continued)

(3) Details of provision for bad debts

	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
Provision for bad debts				
Balance as at the end of the previous year	2,804,848.22			2,804,848.22
Balance as at the end of the previous year that transferred/reversed in the current period				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Provision for the current period	58,442.17			58,442.17
Reversal in the current period				
Written back in the current period				
Written off in the current period				
Other changes				
Balance as at the end of the period	2,863,290.39			2,863,290.39

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company (Continued)

(II) Other receivables (Continued)

3. Other receivables (Continued)

(3) Details of provision for bad debts (Continued)

Changes in book balance of other receivables:

	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
Book balance				
Balance as at the end of the previous year	588,853,173.80			588,853,173.80
Balance as at the end of the previous year that transferred/reversed in the current period				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Addition for the current period	21,745,200.19			21,745,200.19
Derecognized in the current period				
Other changes				
Balance as at the end of the period	610,598,373.99			610,598,373.99

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company (Continued)

(II) Other receivables (Continued)

3. Other receivables (Continued)

(4) Provision for bad debts provided for, reversed or recovered in the current period

Category	Balance as at the end of the previous year	Changes in the current period			Balance as at the end of the period
		Provided for	Recovered or reversed	Written-back or written-off Other changes	
Provision for bad debts on grouping basis	2,804,848.22	58,442.17			2,863,290.39
Total	2,804,848.22	58,442.17			2,863,290.39

(5) Other receivables by nature

Nature of receivables	Book balance as at the end of the period	Book balance as at the end of the previous year
Amounts from related parties within the scope of consolidation	530,134,327.11	513,390,405.21
Placements	25,957,550.96	20,480,175.04
Deposits and guarantee	5,716,830.00	5,920,030.00
Others	181,832.86	767,065.13
Amounts from related parties without the scope of consolidation	48,607,833.06	48,295,498.42
Total	610,598,373.99	588,853,173.80

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company (Continued)

(III) Long-term equity investments

Items	Balance as at the end of the period			Balance as at the end of the previous year		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	698,830,684.03		698,830,684.03	691,561,513.66		691,561,513.66
Investments in associates, joint venture	94,549,945.13		94,549,945.13	94,421,925.51		94,421,925.51
Total	793,380,629.16		793,380,629.16	785,983,439.17		785,983,439.17

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company (Continued)

(III) Long-term equity investments (Continued)

1. Investments in subsidiaries

Investees	Increase/decrease in the current period				Balance as at the end of the previous year	Balance of impairment provision as at the end of the previous year	Balance as at the end of the period	Balance of the impairment provision as at the end of the period
	Balance as at the end of the previous year	Increase in investment	Decrease in investment	Provision for impairment for the current period				
Loudi Kangning Hospital Co., Ltd.	15,500,000.00				15,500,000.00			
Wenzhou Kangning Judicial Forensic Institute	500,000.00				500,000.00			
Zhejiang Kangning Hospital Management Co., Ltd.	204,666,253.87		43,684.64		204,709,938.51			
Cangnan Kangning Hospital Co., Ltd.	52,697,737.50				52,697,737.50			
Yueqing Kangning Hospital Co., Ltd.	2,133,258.38				2,133,258.38			
Yongjia Kangning Hospital Co., Ltd.	27,687,093.11				27,687,093.11			
Qingtian Kangning Hospital Co., Ltd.	32,856,644.25				32,856,644.25			
Linhai Kangning Hospital Co., Ltd.	4,799,071.39		4,272.04		4,803,343.43			
Wenzhou Cining Hospital Co., Ltd.	53,500,000.00	7,200,000.00			53,515,660.04			
Wenzhou Lucheng Yiming Hospital Co., Ltd.	40,800,000.00				48,000,000.00			
Wenzhou Ouhai Yiming Rehabilitation Hospital Co., Ltd.	10,000,000.00				10,000,000.00			
Pingyang Changgeng Yiming Hospital Co., Ltd.	154,744,700.00		5,553.65		154,750,253.65			
Jinyun Shuning Hospital Co., Ltd.	29,051,800.00				29,051,800.00			
Yueqing Yiming Integrated Traditional and Western Medicine Hospital Co., Ltd.	40,954,955.16				40,954,955.16			
Dongkou Lening Hospital Co., Ltd.	14,510,000.00				14,510,000.00			
Wenzhou Kangning Psychological Consulting Co., Ltd.	500,000.00				500,000.00			
Jiaxing Julikang Zizheng Equity Investment Partnership (Limited Partnership)	6,660,000.00				6,660,000.00			
Total	691,561,513.66	7,200,000.00	69,170.37		698,830,684.03			

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company (Continued)

(III) Long-term equity investments (Continued)

2. Investments in associates, joint venture

Investees	Balance as at the end of the previous year	Increase/decrease in the current period						Balance as at the end of the period
		Balance of the impairment provision as at the end of the previous year	Investment profit/loss recognized under equity method	Other comprehensive income adjustment	Other equity changes	Cash dividends or profits declared and paid	Impairment provision	
Associates								
Hangzhou Anken Medical Technology Co., Ltd.	16,018,884.98		687,659.39					16,706,544.37
Wenzhou Longwan Yinying Hospital Co., Ltd.	56,841,432.86		-166,415.53					56,675,017.33
Zhejiang Huangfeng Hospital Management Co., Ltd.	21,561,607.67		-393,224.24					21,168,383.43
Total	94,421,925.51		128,019.82					94,549,945.13

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company (Continued)

(IV) Revenue and cost of sales

1. Revenue and cost of sales

Items	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Main businesses	185,247,902.83	130,785,130.41	174,575,542.75	130,786,397.79
Other businesses	7,845,218.13		1,629,256.25	
Total	193,093,120.96	130,785,130.41	176,204,799.00	130,786,397.79

Breakdown of revenue:

Items	Amount for the current period	Amount for the previous period
Revenue from main businesses	185,247,902.83	174,575,542.75
Treatments and healthcare services	185,247,902.83	174,575,542.75
Revenue from other businesses	7,845,218.13	1,629,256.25
Management service	6,472,852.67	
Rental income	209,955.19	512,200.28
Others	1,162,410.27	1,117,055.97
Total	193,093,120.96	176,204,799.00

2. Description of performance obligations

Item	Time to fulfill performance obligations	Major payment terms	Nature of the goods that the Company promises to transfer	Do we take the major responsibility	Expected amounts that the Company has undertaken to return to customers	Types of quality assurance provided by the Company and associated obligations
Treatments and healthcare services	At a point in time as services are rendered	Bills settlement	Diagnosis and healthcare services	Yes	Nil	Nil

Notes to the Financial Statements

For the six months ended June 30, 2024

(All amounts in RMB Yuan unless otherwise stated)

XV. Notes to major items in the financial statements of the parent company (Continued)

(V) Investment income

Items	Amount for the current period	Amount for the previous period
Income from long-term equity investments under the cost method	14,061,318.98	
Income from long-term equity investments under the equity method	128,019.62	816,165.55
Investment income from disposal of long-term equity investments		-1,591,713.27
Total	14,189,338.60	-775,547.72

Definitions

“Audit Committee”	the audit committee of the Board
“Beijing Yining Hospital”	Beijing Yining Hospital Co., Ltd. (北京怡寧醫院有限公司), a company established in the PRC with limited liability on August 17, 2015, one of the Company’s indirect non-wholly owned subsidiaries
“Board of Directors” or “Board”	the board of directors of the Company
“Cangnan Kangning Hospital”	Cangnan Kangning Hospital Co., Ltd. (蒼南康寧醫院有限公司), a company established in the PRC with limited liability on June 15, 2012, one of the Company’s wholly owned subsidiaries
“Cangnan Yining Nursing Centre”	Cangnan Yining Nursing Centre Co., Ltd. (蒼南怡寧護理中心有限公司), a company established in the PRC with limited liability on March 9, 2021, one of the Company’s indirect wholly owned subsidiaries
“Company Law”	the Company Law of the People’s Republic of China
“Chengdu Yining Hospital”	Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd. (previously known as Chengdu Yining Hospital Co., Ltd. (成都怡寧醫院有限公司)), a company established in the PRC with limited liability on June 29, 2010, one of the Company’s indirect non-wholly owned subsidiaries
“Company” or “Wenzhou Kangning Hospital”	Wenzhou Kangning Hospital Co., Ltd., a joint stock limited liability company established under the laws of the PRC, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2120)
“CG Code”	the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules
“Changchun Kanglin Psychological Hospital”	Changchun Kanglin Psychological Hospital Co., Ltd. (長春康林心理醫院有限公司), a company established in the PRC with limited liability on February 16, 2016, one of the Company’s indirect non-wholly owned subsidiaries
“Chun’an Kangning Hospital”	Chun’an Kangning Huangfeng Hospital Co., Ltd. (淳安康寧黃鋒醫院有限公司), a company established in the PRC with limited liability on April 16, 2020, one of the Company’s indirect non-wholly owned subsidiaries
“Director(s)”	the director(s) of the Company

Definitions

“Domestic Share(s)”	ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange
“Dongkou Lening Hospital”	Dongkou Lening Hospital Co., Ltd. (洞口樂寧醫院有限公司), a company established in the PRC with limited liability on June 5, 2018, one of the Company’s direct non-wholly owned subsidiaries
“EGM”	the extraordinary general meeting of the Company to be convened and held in due time
“Geriatric Hospital”	Wenzhou Yining Geriatric Hospital Co., Ltd. (溫州怡寧老年醫院有限公司), a company established in the PRC with limited liability on November 2, 2015, one of the Company’s indirect wholly owned subsidiaries, is principally engaged in providing medical services for the geriatric, including geriatric psychiatric and psychological treatment
“Group” or “we” or “our”	the Company and its subsidiaries
“Guanxian Yining Hospital”	Guanxian Yining Hospital Co., Ltd. (冠縣怡寧醫院有限公司), a company established in the PRC with limited liability on March 1, 2017, one of the Company’s indirect non-wholly owned subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Hong Kong Stock Exchange
“Heze Yining Hospital”	Heze Yining Psychiatric Hospital Co., Ltd. (菏澤怡寧精神病醫院有限公司), a company established in the PRC with limited liability on April 6, 2017, one of the Company’s indirect non-wholly owned subsidiaries
“HKD” or “HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

Definitions

“Huainan Kangning Hospital”	Huainan Kangning Hospital Co., Ltd. (淮南康寧醫院有限公司), a company established in the PRC with limited liability on September 22, 2017, one of the Company’s indirect non-wholly owned subsidiaries
“Incentive Share(s)”	Non-tradable and non-listed Domestic Shares granted under the Equity Incentive Scheme for subscription by the Participants through the employees’ shareholding platform. According to the provisions under the Equity Incentive Scheme regarding Incentive Shares held by the Participants through the employees’ shareholding platform, those Incentive Shares shall include the additional Shares in the event of conversion of capital reserve into share capital, bonus issues, share sub-division, etc. by the Company, whether or not the Incentive Shares are already unlocked
“Jinyun Shuning Hospital”	Jinyun Shuning Hospital Co., Ltd. (縉雲舒寧醫院有限公司), a company established in the PRC with limited liability on February 15, 2019, one of the Company’s non-wholly owned subsidiaries
“Longquan Kangning Hospital”	Longquan Kangning Hospital Co., Ltd. (龍泉康寧醫院有限公司), a company established in the PRC with limited liability on February 6, 2023, one of the Company’s indirect wholly owned subsidiaries
“Loudi Kangning Hospital”	Loudi City Kangle Kangning Hospital Co., Ltd. (婁底市康樂康寧醫院有限責任公司), a company established in the PRC with limited liability on August 28, 2017, one of the Company’s direct non-wholly owned subsidiaries
“Lucheng Yining Hospital”	Wenzhou Lucheng Yining Hospital Co., Ltd. (溫州鹿城怡寧醫院有限公司), a company established in the PRC with limited liability on April 2, 2020, one of the Company’s direct non-wholly owned subsidiaries
“Linhai Cining Hospital”	Linhai Cining Hospital Co., Ltd. (臨海慈寧醫院有限公司), a company established in the PRC with limited liability on December 11, 2020, one of the Company’s indirect wholly owned subsidiaries
“Nanjing Yining Hospital”	Nanjing Yining Hospital Co., Ltd. (南京怡寧醫院有限公司), a company established in the PRC with limited liability on June 22, 2018, one of the Company’s indirect non-wholly owned subsidiaries
“Macau”	the Macau Special Administrative Region of the PRC

Definitions

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
“Nomination Committee”	the nomination committee of the Board
“Participant(s)”	Directors, Supervisors, senior management of the Group (including the general manager), core technical (business) personnel, and other persons who, in the opinion of the Board shall be awarded in accordance with the provisions of the Equity Incentive Scheme and be granted with the Incentive Shares
“Pingyang Changgeng Yining Hospital”	Pingyang Changgeng Yining Hospital Co., Ltd. (平陽長庚怡寧醫院有限公司), a company established in the PRC with limited liability on January 14, 2021, one of the Company’s wholly owned subsidiaries
“Pingyang Kangning Hospital”	Pingyang Kangning Hospital Co., Ltd (平陽康寧醫院有限公司), a company established in the PRC with limited liability on November 2, 2015, one of the Company’s indirect wholly owned subsidiaries
“Pujiang Yining Hospital”	Pujiang Yining Huangfeng Hospital Co., Ltd. (浦江怡寧黃鋒醫院有限公司), a company established in the PRC with limited liability on September 3, 2018, one of the Company’s indirect non-wholly owned subsidiaries
“PRC” or “China”	the People’s Republic of China which, for the purpose of this interim report, excludes Hong Kong, Macau and Taiwan
“Proposed Interim Dividend”	the proposed interim dividend distribution plan of RMB1.50 (tax-inclusive) per 10 Shares for the six months ended June 30, 2024 subject to the approval by the Shareholders at the EGM as described under the section headed “INTERIM DIVIDEND” of this interim report
“Qingtian Kangning Hospital”	Qingtian Kangning Hospital Co., Ltd. (青田康寧醫院有限公司), a company established in the PRC with limited liability on April 1, 2011, one of the Company’s wholly owned subsidiaries
“Quzhou Yining Hospital”	Quzhou Yining Hospital Co., Ltd. (衢州怡寧醫院有限公司), a company established in the PRC with limited liability on November 20, 2015, one of the Company’s indirect non-wholly owned subsidiaries
“Reporting Period”	the six months ended June 30, 2024

Definitions

“Remuneration Committee”	the remuneration committee of the Board
“RMB”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Yining Hospital”	Shenzhen Yining Hospital (深圳怡寧醫院, previously known as Shenzhen Yining Hospital Co., Ltd. (深圳市怡寧醫院有限公司)), a company established in the PRC with limited liability on September 22, 2014, one of the Company’s indirect non-wholly owned subsidiaries
“Strategy and Risk Management Committee”	the strategy and risk management committee of the Board
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial Shareholder(s)”	has the meaning ascribed thereto in the Hong Kong Listing Rules
“Supervisor(s)”	the members of the Supervisory Committee
“Supervisory Committee”	the Company’s supervisory committee established pursuant to the PRC Company Law
“treasury shares”	has the meaning ascribed thereto in the Hong Kong Listing Rules
“Wenzhou Cining Hospital”	Wenzhou Cining Hospital Co., Ltd. (溫州慈寧醫院有限公司), a company established in the PRC with limited liability on January 25, 2006, one of the Company’s wholly owned subsidiaries
“Wenzhou Ouhai Yining Geriatric Hospital”	Wenzhou Ouhai Yining Geriatric Hospital Co., Ltd. (溫州甌海怡寧老年醫院有限公司), a company established in the PRC with limited liability on March 8, 2021, one of the non-wholly owned subsidiaries of the Company

Definitions

“Yining Psychology Internet Hospital”	Yining Psychology Internet Hospital (Wenzhou) Co., Ltd. (怡寧心理互聯網醫院(溫州)有限公司), a company established in the PRC with limited liability on March 10, 2020, one of the Company’s indirect wholly owned subsidiaries
“Yongjia Kangning Hospital”	Yongjia Kangning Hospital Co., Ltd. (永嘉康寧醫院有限公司), a company established in the PRC with limited liability on December 12, 2012, one of the Company’s wholly owned subsidiaries
“Yueqing Kangning Hospital”	Yueqing Kangning Hospital Co., Ltd. (樂清康寧醫院有限公司), a company established in the PRC with limited liability on September 3, 2013, one of the Company’s wholly owned subsidiaries
“Yueqing Yining Hospital”	Yueqing Yining Integrated Traditional Chinese and Western Medicine Hospital Co., Ltd. (樂清怡寧中西醫結合醫院有限公司), a company established in the PRC with limited liability on August 4, 2006, one of the Company’s direct wholly owned subsidiaries, previously known as “Yueqing Bang-er Chinese & Western Medicine Hospital Limited (樂清邦爾中西醫結合醫院有限公司)”
“%”	percentage ratio

溫州康寧醫院股份有限公司
Wenzhou Kangning Hospital Co., Ltd.