


(A joint stock limited)





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Board of Directors

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Mr. GUAN Weili (*Chairman*)
Ms. WANG Lianyue
Mr. WANG Jian (appointed on June 9, 2023)

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Mr. QIN Hao
Mr. LI Changhao

I - 44 I . .

Ms. ZHONG Wentang
Ms. JIN Ling (appointed on June 9, 2023)
Mr. CHAN Sai Keung Hugo (appointed on June 9, 2023)
Mr. ZHAO Xudong (resigned on March 10, 2023)
Mr. LIU Ning (resigned on June 9, 2023)

Audit Committee

Ms. ZHONG Wentang (*Chairman*)
Mr. LI Changhao
Ms. JIN Ling (appointed on June 9, 2023)
Mr. LIU Ning (resigned on June 9, 2023)

Nomination Committee

Mr. CHAN Sai Keung Hugo (*Chairman*)
(appointed on June 9, 2023)
Mr. GUAN Weili
Ms. JIN Ling (appointed on June 9, 2023)
Mr. LIU Ning (*Chairman*) (resigned on June 9, 2023)
Mr. ZHAO Xudong (resigned on March 10, 2023)

Remuneration Committee

Ms. JIN Ling (*Chairman*) (appointed on June 9, 2023)
Ms. ZHONG Wentang
Mr. CHAN Sai Keung Hugo (appointed on June 9, 2023)
Mr. ZHAO Xudong (*Chairman*) (resigned on March 10, 2023)
Mr. LIU Ning (resigned on June 9, 2023)

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 (appointed on June 9, 2023)
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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Company's Website

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Investor Relations

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Principal Financial Data and Indicators

	Period ending 2023 (RMB'000) (Unaudited)	Period ending 2022 (RMB'000) (Unaudited)
Revenue	777,925	738,305
Profit before income tax	0,207	63,331
Income tax expenses	11,47	19,110
Net profit	47,29	44,221
Net profit attributable to shareholders of the Company	43,750	38,788
Profit or loss attributable to non-controlling interests	4,979	5,433
Net cash generated from operating activities	113,591	55,974

	As at March 31, 2023 (RMB'000) (Unaudited)	As at December 31, 2022 (RMB'000) (Audited)
Total assets	27,442,233	2,637,787
Total liabilities	1,311,185	1,311,885
Total equity	1,325,550	1,325,903
Equity attributable to shareholders of the Company	1,242,97	1,201,585
Non-controlling interests	139,572	124,318

BUSINESS REVIEW AND OUTLOOK

In the first half of 2023, China's macro-economy showed an obvious recovery growth trend. With the deepening of the construction of "Healthy China", the development of people's mental health in the post-epidemic era and the increasing awareness of population aging and health management were constantly driving the medical demand. Relying on the policy support for social medical institutions, the Group actively embraced the medical insurance reform and other challenges to improve the quality and efficiency of its business through refined management and innovation as well as enhanced management and control of medical quality, and made the following progress:

In the first half of 2023, the Group's owned hospital business maintained healthy development. During the Reporting Period, the Group recorded total revenue of RMB777.9 million, representing an increase of 5.4% as compared with that of the same period last year. Among them, the revenue from operating its owned hospitals amounted to RMB728.7 million, representing an increase of 6.7% as compared with that of the same period last year. The business of the Group's mature hospitals such as Wenzhou Kangning Hospital, Cangnan Kangning Hospital and Yueqing Kangning Hospital maintained stable development. The advantages of Qingtian Kangning Hospital and Yongjia Kangning Hospital in business development space were further released after being relocated to new sites. In particular, the revenue of Yongjia Kangning Hospital increased significantly as compared with that of the same period last year. The business of Pujiang Yining Hospital, Changchun Kanglin Psychological Hospital, Hangzhou Cining Hospital and Quzhou Yining Hospital in the growth period maintained a steady growth trend. The Group implemented a regionalized management model to fully leverage the effects of resource sharing and economies of scale. The four hospitals in Taizhou region achieved a stable year-on-year growth. As the impact of the pandemic subsided and favorable adjustments were made to local medical insurance policies, Shenzhen Yining Hospital, Huainan Kangning Hospital, Heze Yining Hospital and Guanxian Yining Hospital were operating well and their profitability was recovered. In addition, the operations of Beijing Yining Hospital have been significantly improved by introducing an advanced operation management team. During the Reporting Period, the Group acquired 51% equity interest in Loudi Kangning Hospital, which has further expanded its strategic network layout in the psychiatric field and enhanced its business scale and market competitiveness.

In the first half of 2023, the Group continued to steadily promote the business development of the elderly healthcare sector, among which, the business of mature elderly hospitals such as Geriatric Hospital and Wenzhou Cining Hospital remained stable. Pingyang Changgeng Yining Hospital and Yueqing Yining Hospital, acquired in August 2021 and January 2022, respectively, recorded remarkable performance with a faster growth in revenue compared to that of the same period last year, while the business development of Cangnan Yining Nursing Center and Wenzhou Ou Hai Yining Elderly Hospital was in line with expectations, as they were still in a ramp-up period.

As of June 30, 2023, the number of the Group's owned hospitals increased to 30 (December 31, 2022: 29), including an independently established internet hospital (Yining Psychology Internet Hospital), and the number of operating beds increased to 10,578 (December 31, 2022: 9,688).

In the first half of 2023, the Group actively implemented the concept of sustainable development and fulfilled its corporate social responsibility. During the Reporting Period, the Group cooperated with the Psychiatry School of Wenzhou Medical University (溫州醫科大學精神醫學學院) to provide all-round and paired assistance to the Nanchong Mental Health Center of Sichuan Province (四川省南充精神衛生中心), laying a foundation for the exchange and cooperation in psychiatry between the East and the West. Public welfare teams were set up to support Tibet and Guizhou for patients in remote areas who suffer from mental illness, and share medical resources with them to help improve the level of local psychiatric medical services. Special funds were established with charity associations to help impoverished mental patients, etc.

Looking ahead, the year 2023 is a key year for advancing the "National Health Planning for the 14th Five-Year Period". The state has put forward new requirements and pointed new directions for the development of medical and health care initiative for the next five years, clarified the improvement of mental health care services, and encouraged the integration of medical and health care services for the elderly as well as the development of health care industry. Combined with a favorable environment in China that encourages developing medical institutions with social capital through a series of policies, the Group will adhere to the principle known as "keeping righteousness and innovation while seeking progress on top of stability (守正創新, 穩中求進)" to consistently optimize its business structure, deepen the development of the medical business of owned hospitals, strengthen the industrial layout of mental health and elderly care, and further enhance its core competitiveness. In the future, the Group will also focus on the development model integrating organic growth and external expansion by making full use of the platform advantages and shareholder-related resources as a listed company and actively carrying out capital operation to reward all shareholders with operating results, and strive to start a new chapter of high-quality development for the Group.

Financial Review

The Group recorded revenue of RMB777.9 million during the Reporting Period, representing an increase of 5.4% as compared with that of the same period of 2022. Among them, the revenue from operating its owned hospitals amounted to RMB728.7 million, representing an increase of 6.7% as compared with that of the same period of 2022. During the Reporting Period, the gross profit margin of its owned hospitals was 24.9% (for the six months ended June 30, 2022: 26.5%). The overall gross profit of the Group increased to RMB201.5 million, representing an increase of 1.9% as compared with that of the same period of 2022. During the Reporting Period, net profit attributable to Shareholders of the Company amounted to RMB43.8 million, representing an increase of 12.8% as compared with that of the same period of 2022.

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

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

	2023 (RMB'000) (Unaudited)	2022 (RMB'000) (Unaudited)
Revenue from operating owned hospitals	728,925	683,079
Revenue from other healthcare related businesses	43,500	51,809
Other revenue not related to healthcare business	2,500	3,417
	<u>777,925</u>	<u>738,305</u>

Revenue and cost of revenue from operating its owned hospitals

Revenue from operating its owned hospitals consists of fees (" " ") 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 loss of income from special medical services. 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:

	2023 ('000) (. . .)	2022 (RMB'000) (Unaudited)
Billing Revenue from owned hospitals	7 44,19	689,629

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

	h i η . h . 2023 ('000) (. 41.)	u 30, 2022 (RMB'000) (Unaudited)
Revenue	57,219	542,043
Cost of revenue	400, 2	365,916
Gross profit	1 ,33	176,127
Revenue	15 ,9	147,586
Cost of revenue	14 , 10	136,141
Gross profit	10,3	11,445
Revenue	7 44,19	689,629
Cost of revenue	54 ,492	502,057
Gross profit	19 7 05	187,572

During the Reporting Period, revenue from operating the Group's owned hospitals amounted to RMB744.2 million, representing an increase of RMB54.6 million as compared with that of the same period of 2022, mainly due to the increase in the revenue of Wenzhou Ouhai Yining Elderly Hospital, Yongjia Kangning Hospital, Yueqing Kangning Hospital, Wenzhou Cining Hospital and Pingyang Changgeng Yining Hospital. During the Reporting Period, the gross profit of the Group's owned hospitals increased by 4.9% as compared with that of the same period of 2022, mainly due to the increase in inpatient bed-days and average inpatient spending per bed-day.

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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:

	h i n h 2023 (. u i .)	u 30, 2022 (Unaudited)
Inpatient		
Inpatient bed as at period end	10,5	9,558
Effective inpatient service bed-day capacity	1,914, 1	1,729,998
Utilization rate (%)	4.0	87.0
Number of inpatient bed-days	1, 0 ,422	1,505,499
Treatment and general healthcare services revenue attributable to inpatients (RMB'000)	553,5 2	513,773
Average inpatient spending per bed-day on treatment and general healthcare services (RMB)	345	341
Pharmaceutical sales revenue attributable to inpatients (RMB'000)	4,19	74,837
Average inpatient spending per bed-day on pharmaceutical sales (RMB)	52	50
η u ('000)	3 7 9	588,610
η ()	39	391
Outpatient		
Number of outpatient visits	250, 4	225,032
Treatment and general healthcare services revenue attributable to outpatients (RMB'000)	33, 4	28,271
Average outpatient spending per visit on treatment and general healthcare services (RMB)	134	126
Pharmaceutical sales revenue attributable to outpatients (RMB'000)	7 2 1	72,748
Average outpatient spending per visit on pharmaceutical sales (RMB)	291	323
η u ('000)	10 ,42	101,019
η u ()	425	449
η u ('000)	5 7 ,219	542,044
η u ('000)	15 ,9	147,585

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During the Reporting Period, inpatient Billing Revenue amounted to RMB637.8 million, representing an increase of 8.4% as compared with that of the same period of 2022, primarily due to: (i) the number of the Group's inpatient bed-days increased by 6.8%, which was driven by the increase in the inpatient bed-days of Wenzhou Ouhai Yining Elderly Hospital, Yongjia Kangning Hospital, Wenzhou Cining Hospital, Pingyang Changgeng Yining Hospital, and Yueqing Yining Hospital; and (ii) the average inpatient spending per bed-day of the Group's owned hospitals increased by 1.5%. The proportion of inpatient Billing Revenue to Billing Revenue from owned hospitals was 85.7% (for the six months ended June 30, 2022: 85.4%).

During the Reporting Period, outpatient Billing Revenue amounted to RMB106.4 million, representing an increase of 5.4% as compared with that of the same period of 2022, primarily due to the increase of outpatient visits by 11.4% and the decrease in average outpatient spending per visit by 5.3%. The proportion of outpatient Billing Revenue to Billing Revenue from owned hospitals was 14.3% (for the six months ended June 30, 2022: 14.6%).

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 8.3% as compared with that of the same period of 2022, and increased to 78.9% of Billing Revenue from owned hospitals (for the six months ended June 30, 2022: 78.6%); Billing Revenue from pharmaceutical sales increased by 6.4% as compared with that of the same period of 2022, accounting for 21.1% of Billing Revenue from owned hospitals (for the six months ended June 30, 2022: 21.4%), of which: the ratio of inpatient pharmaceutical sales to total inpatient Billing Revenue increased to 13.2% (for the six months ended June 30, 2022: 12.7%), the ratio of outpatient pharmaceutical sales to total outpatient Billing Revenue slightly decreased to 68.4% (for the six months ended June 30, 2022: 72.0%).

The 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 the cost of revenue of the Group's owned hospitals for the periods indicated:

	h i η h 2023 ('000) (. u i .)	u 30, 2022 (RMB'000) (Unaudited)
Pharmaceuticals and consumables used	1 , 7	173,660
Employee benefits and expenses	20 7 0	179,347
Depreciation of right-of-use assets	1 7 , 993	19,839
Depreciation and amortization	49,033	50,657
Canteen expenses	32,3 3	28,668
Testing fees	10, 30	11,798
Others	39, 1	38,088
	54 , 492	502,057

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During the Reporting Period, the cost of revenue of the Group's owned hospitals increased to RMB547.5 million, representing an increase of 9.0% as compared with that of the same period of 2022. It was mainly due to: (i) the increase of 8.8% in pharmaceuticals and consumables expenses relating to the increase of pharmaceutical sales revenue; (ii) the increase of 16.4% in employee benefits and expenses arising from the increase in beds in the operation of our owned hospitals; and (iii) depreciation of right-of-use assets decreased by 9.3% as compared with that of the same period of 2022.

From the cost structure perspective, the proportion of pharmaceuticals and consumables used to the cost of revenue of our owned hospitals decreased to 34.5% (for the six months ended June 30, 2022: 34.6%). The proportion of employee benefits and expenses to cost of revenue of our owned hospitals increased to 38.1% (for the six months ended June 30, 2022: 35.7%). 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 12.2% (for the six months ended June 30, 2022: 14.1%).

Revenue from other healthcare related business

The revenue from other healthcare related business 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 RMB46.7 million, of which revenue from sales of pharmaceuticals and medical devices outside the hospitals was RMB29.1 million (for the six months ended June 30, 2022: RMB37.7 million).

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During the Reporting Period, total gross profit of the Group on operating income basis amounted to RMB201.5 million, representing an increase of 1.8% as compared with that of the same period of 2022. The gross profit of our owned hospitals businesses amounted to RMB181.2 million, representing an increase of 0.1% as compared with that of the same period of 2022. The table below sets forth a breakdown of the gross profit margin of different businesses for the periods indicated:

	h h 2023 (. . . .)	h h 2022 (Unaudited)
Treatment and general healthcare services	29.9%	31.7%
Pharmaceutical sales	. %	7.8%
Owned hospitals businesses	24.9%	26.5%
Other businesses	41.3%	30.3%
η η	25.9%	26.8%

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During the Reporting Period, consolidated gross profit margin of the Group decreased to 25.9% (for the six months ended June 30, 2022: 26.8%), of which the gross profit margin of treatment and general healthcare services decreased by 1.8 percentage points as compared with that of the same period of 2022. The gross profit margin of pharmaceutical sales decreased by 1.2 percentage points as compared with that of the same period of 2022.

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During the Reporting Period, the tax and surcharge of the Group amounted to RMB2.8 million (for the six months ended June 30, 2022: RMB2.0 million).

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During the Reporting Period, the selling expenses of the Group amounted to RMB7.8 million (for the six months ended June 30, 2022: RMB6.1 million). The selling expenses accounted for 1.1% of the Group's revenue from operating its owned hospitals (for the six months ended June 30, 2022: 0.9%).

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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:

	h i η . h 2023 ('000) (. u i .)	u 30, 2022 (RMB'000) (Unaudited)
Employee benefits and expenses	55,922	52,917
Depreciation and amortization	13,4 4	11,246
Consultancy expenses	14,3 7	12,309
Travelling expenses	2,0 1	1,724
Others	1 ,0 0	16,698
η	101,924	94,894

During the Reporting Period, the administrative expenses of the Group amounted to RMB101.9 million, representing an increase of 7.4% as compared with that of the same period of 2022, mainly due to the payment of RMB4.6 million related to independent investigations. During the Reporting Period, the proportion of the administrative expenses to the revenue from operating owned hospitals of the Group was 14.0% (for the six months ended June 30, 2022: 13.9%).



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

	η 2023 ('000) (.)	η 2022 (RMB'000) (Unaudited)
Interest income	-27.05	-1,699
Foreign exchange gains/losses	-13	-44
Borrowing interest expenses	14,124	15,561
Interest expense on lease liabilities	5,05	7,239
Others	3.9	591
	20,100	21,648

During the Reporting Period, the net finance expenses of the Group amounted to RMB20.2 million, representing a decrease of RMB1.5 million as compared with that of the same period of 2022, of which, borrowing interest expense decreased by 9.2% as compared with that of the same period of 2022, mainly due to the decrease in bank loans of the Group. Interest expenses on lease liabilities decreased by RMB2.2 million as compared with that of the same period of 2022.

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

	η 2023 ('000) (. . . .)	η 30, 2022 (RMB'000) (Unaudited)
Share of losses of investments accounted for using the equity method	-15	-1,672
Gains arising from disposal of long-term equity investment	-3	1,393
	-19	-279

During the Reporting Period, our investment loss amounted to RMB0.2 million. Among the said amount, there was attributable investment loss of RMB0.2 million accrued under the equity method.

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During the Reporting Period, credit impairment losses increased to RMB3.0 million (for the six months ended June 30, 2022: RMB2.7 million).

Non-operating Income and Expenses

Non-operating Income

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:

	June 30, 2023 (RMB'000) (Unaudited)	June 30, 2022 (RMB'000) (Unaudited)
Government grants	232	1,167
Donations received	5,574	4,018
Other non-operating income	119	167
Non-operating income	5,925	5,352
Losses on scrapping of non-current assets	92	239
Donation expenses	1,235	1,419
Expenses for medical disputes	370	1,237
Other non-operating expenses	51	478
Non-operating expenses	2,215	3,373

During the Reporting Period, the non-operating income of the Group amounted to RMB5.9 million, representing an increase of RMB0.6 million as compared with that of the same period last year, mainly due to the donations received increased by RMB1.6 million as compared with that of the same period last year. During the Reporting Period, the non-operating expenses of the Group decreased to RMB2.2 million, which was mainly due to the decrease in expenses for medical disputes by RMB0.9 million as compared with that of the same period of 2022.

Income Tax Expense

During the Reporting Period, income tax expense decreased to RMB11.5 million (for the six months ended June 30, 2022: RMB19.1 million), representing a decrease of 39.9% as compared with that of the same period of 2022. During the Reporting Period and for the six months ended June 30, 2022, our actual tax rate was 19.1% and 30.2%, respectively.

Financial Position

Inventory

As of June 30, 2023, inventory balances amounted to RMB54.8 million (as of December 31, 2022: RMB58.3 million), mainly including the medical inventory and turnover materials.

Accounts Receivable

As of June 30, 2023, the balance of accounts receivables amounted to RMB400.8 million (as of December 31, 2022: RMB382.8 million), representing an increase of 4.7% as compared with that of December 31, 2022, mainly due to the increase in operational income of the Group's owned hospitals.

During the Reporting Period, the accounts receivables turnover days of the Group were 91 days (for the six months ended June 30, 2022: 90 days).

Other Receivables and Prepayments

As of June 30, 2023, other receivables and prepayments increased to RMB97.4 million (as of December 31, 2022: RMB69.4 million).

Other Non-current Financial Assets

As of June 30, 2023, the balance of other non-current financial assets was RMB63.1 million (as of December 31, 2022: RMB63.1 million).

Construction in Progress

As of June 30, 2023, the balance of construction in progress was RMB221.9 million (as of December 31, 2022: RMB152.5 million). During the Reporting Period, the constructions in progress were mainly the new construction project of Lucheng Yining Hospital, the new construction project of Linhai Cining Hospital, the relocation project of Quzhou Yining Hospital and the relocation project of Jinyun Shuning Hospital.

Right-of-use Assets

As of June 30, 2023, right-of-use assets decreased to RMB169.0 million (as of December 31, 2022: RMB190.4 million), mainly due to the depreciation of right-of-use assets.

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As of June 30, 2023, receipts in advance and contract liabilities increased to RMB37.9 million (as of December 31, 2022: RMB29.9 million).

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As of June 30, 2023, other payables increased to RMB87.3 million (as of December 31, 2022: RMB72.2 million), mainly due to a new pre-allocated COVID-19 relief fund of RMB23.3 million.

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:

	η 2023 ('000) (.)	η 30, 2022 (RMB'000) (Unaudited)
Net cash generated from operating activities	113,591	55,974
Net cash used in investing activities	-119,122	-164,454
Net cash generated from financing activities	97,90	194,881
Net increase in cash and cash equivalents	4,273	86,446

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During the Reporting Period, net cash generated from operating activities amounted to RMB113.6 million, primarily consisting of net profit of RMB48.7 million, adjustments of RMB3.0 million for credit impairment losses and asset impairment losses and adjustments of RMB81.2 million for depreciation and amortisation of various assets. Changes in working capital resulted in cash outflow of RMB33.5 million.

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During the Reporting Period, net cash used in investing activities amounted to RMB-119.1 million, primarily due to the amount of RMB107.8 million for purchasing property, plant and equipment, primarily including, infrastructure investment of Lucheng Yining Hospital, Quzhou Yining Hospital, Linhai Cining Hospital, Jinyun Shuning Hospital, and decoration of Pingyang Changgeng Yining Hospital.



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Financial Instruments

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.

Foreign Exchange Risks

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 exposed to foreign exchange risks accordingly.

During the six months ended June 30, 2023, 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, 2023, the Group's gearing ratio (total liabilities divided by total assets) slightly decreased to 49.6% (as of December 31, 2022: 49.7%), mainly due to an increase of bank borrowings.

Employee Remuneration

As of June 30, 2023, the Group had a total of 4,652 employees (as of December 31, 2022: 4,381 employees). During the Reporting Period, employees' remuneration (including salaries and other forms of employee benefits) amounted to approximately RMB291.5 million (for the six months ended June 30, 2022: RMB245.3 million). The average employees' remuneration is RMB125.3 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.

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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. (《温州康寧醫院股份有限公司2018年股權激勵計劃》, the "E h η"), 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 of the Company dated May 29, 2018, the supplementary circular of the Company dated May 30, 2018, the circular of the Company dated May 14, 2021, the announcement of the Company dated June 18, 2021 and the announcement of the Company dated June 25, 2021.

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.

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 1 Tfc (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.

(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 th1 Tgh 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-tradabgrantedr15 -1.55i/0.5ftcbqa-15

(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.

(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.

(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.

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

- (a) 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

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<i>Others</i>											
Mr. XU Yi (spouse of Ms. WANG Hongyue)	June 18, 2021	35.95	June 28, 2022	10.47	-	28,653	-	-	-	-	-
Ms. WANG Hongyue (younger sister of Ms. WANG Lianyue)	June 18, 2021	35.95	June 28, 2022	10.47	-	95,511	-	-	-	-	-
Ms. WANG Biyu (niece of Ms. WANG Lianyue and Ms. WANG Hongyue)	June 18, 2021	35.95	June 28, 2022	10.47	-	4,776	-	-	-	-	-
Ms. XU Qunyan (younger sister of Mr. XU Yi)	June 18, 2021	35.95	June 28, 2022	10.47	-	4,776	-	-	-	-	-
Mr. GUAN Weilu (younger brother of Mr. GUAN Weili)	June 18, 2021	35.95	June 28, 2022	10.47	-	19,102	-	-	-	-	-
Mr. SUN Fangjun	June 18, 2021	35.95	June 28, 2022	10.47	-	14,327	-	-	-	-	-
Mr. SUN Hongbo (nephew of Ms. WANG Lianyue and Ms. WANG Hongyue)	June 18, 2021	35.95	June 28, 2022	10.47	-	30,563	-	-	-	-	-
Ms. ZHANG Linghui (sister-in-law of Mr. GUAN Weili)	June 18, 2021	35.95	June 28, 2022	10.47	-	4,776	-	-	-	-	-
Senior management	August 20, 2018	38.80	June 28, 2022	10.47	-	133,715	-	-	-	-	-
Core technical personnel	August 20, 2018	38.80	June 28, 2022	10.47	-	1,684,814	-	-	-	-	-
	August 26, 2019	36.00	June 28, 2022	10.47	-	142,311	-	-	-	-	-
Other employees (total)	August 26, 2019	36.00	June 28, 2022	10.47	-	38,204	-	-	-	-	-
Total					-	2,454,632	-	-	-	-	-

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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 2022 annual report.



CORPORATE GOVERNANCE

Save as disclosed below, 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.

From March 10, 2023, Mr. ZHAO Xudong (“ 赵旭东 ”) has no longer served as an independent non-executive Director and ceased to act as the chairman of the Remuneration Committee, and a member of the Nomination Committee of the Company due to retirement and personal health reasons. Following the resignation of Mr. Zhao, the number and composition of the independent non-executive Directors of the Company did not meet the following requirements of the Hong Kong Listing Rules that: (i) the Board shall include at least three independent non-executive directors under Rule 3.10 of the Hong Kong Listing Rules; (ii) the remuneration committee shall be chaired by an independent non-executive director under Rule 3.25 of the Hong Kong Listing Rules; and (iii) the members of the nomination committee shall comprise a majority of independent non-executive directors under Rule 3.27A of the Hong Kong Listing Rules. On March 10, 2023, the Board considered and approved the nomination of Ms. JIN Ling (“ 金玲 ”) as a candidate for an independent non-executive Director, and the chairman of the Remuneration Committee and a member of the Nomination Committee of the Company. The proposed election of Ms. Jin as an independent non-executive Director was approved by the Shareholders at the annual general meeting for the year 2022 of the Company on June 9, 2023. Since then, the Company has complied with the relevant requirements of Rules 3.10, 3.25 and 3.27A of the Hong Kong Listing Rules.

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, 2023 to June 30, 2023 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 “ 公司法 ”).

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 “ASBE”) 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 2022. The interim financial statements shall be read together with the financial statements for the year ended 2022 of the Group.

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

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, 2023, the Audit Committee consists of two independent non-executive Directors, Ms. ZHONG Wentang (the chairman 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, 2023 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. The Company will adopt the method of cash dividend to distribute cash dividends to its Shareholders for its Proposed Interim Dividend, calculated based on 74,600,300 issued Shares of the Company as at June 30, 2023, of RMB1 (tax-inclusive) per 10 Shares, the total proposed cash dividends to be distributed is RMB7,460,030 (tax-inclusive), representing -86.0% of the net profit of the parent company during 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 extraordinary general meeting of the Company). The proposal for payment of 2023 interim dividend is subject to the consideration and approval at the general meeting of the Company.



Subject to the approval of the Proposed Interim Dividend by the Shareholders at the forthcoming extraordinary general meeting, the expected payment date of the Proposed Interim Dividend shall be no later than November 30, 2023. The Company will, in due course, announce the date of the extraordinary general meeting, the time of the closure of the register of members of the H Shares for the purpose of determining the list of Shareholders entitled to attend and vote at the extraordinary general meeting and to qualify for the Proposed Interim Dividend.

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.

CHANGE IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On March 10, 2023, due to his retirement and personal health reasons, Mr. ZHAO Xudong ceased to act as an independent non-executive Director of the Company, the chairman of the Remuneration Committee and a member of the Nomination Committee.

At the annual general meeting for the year 2022 of the Company on June 9, 2023, Mr. GUAN Weili and Ms. WANG Lianyue were re-elected as executive Directors of the fourth session of the Board and Mr. WANG Jian was appointed as an executive Director of the fourth session of the Board; Mr. QIN Hao and Mr. LI Changhao were re-elected as non-executive Directors of the fourth session of the Board; Ms. ZHONG Wentang was re-elected as an independent non-executive Director of the fourth session of the Board, and Ms. JIN Ling and Mr. CHAN Sai Keung Hugo were elected as independent non-executive Directors of the fourth session of the Board. The terms of office of the aforesaid executive Directors, non-executive Directors and independent non-executive Directors took effect from June 9, 2023.

On June 9, 2023, due to the expiration of his term of office, Mr. LIU Ning retired as an independent non-executive Director of the Company, chairman of the Nomination Committee and members of the Audit Committee and the Remuneration Committee.

CHANGE IN DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' BIOGRAPHICAL DETAILS

Set out below are the changes in the Directors', the Supervisors' and the chief executives' biographical details between the period of January 1, 2023 to June 30, 2023 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:

姓名	現任職位	現任公司	任期
WANG Lianyue	Chairman	Changchun Kanglin Psychological Hospital Co., Ltd.	From May 2023 to present
WANG Jian	Director	Changchun Kanglin Psychological Hospital Co., Ltd.	From May 2023 to present
	Director, Manager	Beijing Yining Hospital Co., Ltd.	From February 2023 to present
	Executive Director, General manager	Longquan Kangning Hospital Co., Ltd.	From February 2023 to present
JIN Hui	Supervisor	Pingyang Changgeng Yining Hospital Co., Ltd.	From January 2023 to present

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

DISCLOSURE OF INTERESTS

As of June 30, 2023, the interests and short positions of the Directors, the Supervisors and the chief executives 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) as 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 as recorded in the register maintained by the Company under Section 352 of the SFO, or as notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Director/Supervisor/Chief Executive	Category of Shares	Interest	Number of Shares (L)	Number of Shares (L)	Percentage (%)	Percentage (%)
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)			
Mr. WANG Jian	Domestic Shares	Beneficial owner	100,000(L)	100,000(L)	0.18%	0.13%
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

- 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, 2023.
- 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.
- Mr. XU Yongjiu holds 50% equity interest in Shanghai Jinxi Enterprise Management Center (Limited Partnership) and Shanghai Jinxi Enterprise Management Center (Limited Partnership) 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.

董事、監事及高級管理人員持有本公司股份及其他權益

Save as disclosed above, as of June 30, 2023, 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.

董事、監事及高級管理人員的權益

As of June 30, 2023, 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 person/entity (other than the Directors, the Supervisors or the chief executives of the Company) had an interest or short position 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 and 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:

姓名	類別	身份	股數	佔本公司已發行股本總額的百分比 ⁽¹⁾	佔本公司已發行股本總額的百分比 ⁽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%

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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)) ⁽²⁾	Domestic Shares	Beneficial owner	4,540,000(L)	8.22%	6.09%
XU Yi ⁽⁶⁾	Domestic Shares	Interest of spouse	5,785,350(L)	10.47%	7.76%
Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)) ⁽³⁾	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 (林利軍)	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 Shenge Investment Management Co., Ltd.) ⁽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%
Wind Impact Equity Investment (Jiaxing) Partnership (Limited Partnership) (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%
Qingdao Jinshi Haorui Investment Co., Ltd. (青島金石濤納投資有限公司) ⁽⁵⁾	Domestic Shares	Beneficial owner	2,780,000(L)	5.03%	3.73%
Jinshi Investment Co., Ltd. (金石投資有限公司) ⁽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%

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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)	10.46%	7.76%
		Interest in a controlled corporation	1,801,000(L)		
	H Shares	Beneficial owner	309,000(L)	1.60%	0.41%

- (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 Shenge 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) Qingdao Jinshi Haorui Investment Co., Ltd. (青島金石灝洩投資有限公司) is wholly held by Jinshi Investment Co., Ltd. (金石投資有限公司). Therefore, Jinshi Investment Co., Ltd. (金石投資有限公司) is deemed to be interested in the Domestic Shares held by Qingdao Jinshi Haorui Investment Co., Ltd. (青島金石灝洩投資有限公司) in the Company by virtue of Part XV of the SFO.
- (6) Ms. WANG Hongyue is the general partner of Ningbo Xinshi Kangning Investment Management L.P. and Ningbo Enci Kangning Investment Management Partnership (Limited Partnership) and holds approximately 50.62% and 37.10%, respectively, in such management partnerships, both of which are limited partnerships. Therefore, by virtue of Part XV of the SFO, Ms. WANG Hongyue is deemed to be interested in all the Domestic Shares held by the above management partnerships in the Company. 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.

Save as disclosed above, as at June 30, 2023, 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


 Chairman
 A I L

Zhejiang, the PRC
 September 4, 2023

30th June, 2023

(All amounts in RMB Yuan unless otherwise stated)

A E	Note IV	u 30, 2023	December 31, 2022
Cash at bank and on hand	(i)	2 4,955,934. 2	271,094,962.97
Settlement deposits			
Placements with banks and other financial institutions			
Financial assets held for trading	(ii)	10, 41,02 .00	10,641,026.00
Derivative financial asset			
Notes receivable		1,1 9,300.00	
Accounts receivable	(iii)	400, 2 ,302.04	382,836,690.89
Receivables financing			
Advances to suppliers	(iv)	20,409,523.35	32,201,223.97
Premium receivable			
Reinsurance accounts receivable			
Provision for reinsurance contract receivable			
Other receivables	(v)	7 ,9 1, 4. 0	37,195,219.68
Financial assets purchased for resale			
Inventories	(vi)	54,77 3, 11.4	58,331,397.37
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets	(vii)	924,9 .30	752,324.77
		40, 4,3 0.39	793,052,845.65

30th June, 2023

(All amounts in RMB Yuan unless otherwise stated)

A E	Note IV	u 30, 2023	December 31, 2022
Granted loans and advances			
Debt investments			
Other debt investments			
Long-term accounts receivable	(viii)	14,000,000.00	14,000,000.00
Long-term equity investments	(ix)	145,392,242.92	143,546,246.10
Investments in other equity instruments			
Other non-current financial assets	(x)	3,115,520.05	63,116,852.05
Investment properties			
Fixed assets	(xi)	2,239,430.30	695,020,440.79
Construction in progress	(xii)	221,901,010.33	152,497,399.68
Productive biological assets			
Oil and gas assets			
Right-of-use assets	(xiii)	19,025,233.30	190,403,751.58
Intangible assets	(xiv)	292,999,339.13	254,684,348.50
Development expenditure			
Goodwill	(xv)	10,074,425.50	107,655,738.49
Long-term prepaid expenses	(xvi)	1,395,770.00	189,586,338.87
Deferred tax assets	(xvii)	29,997,023.31	20,682,398.07
Other non-current assets	(xviii)	2,555,503.00	13,541,047.21
		1,903,543,317.00	1,844,734,561.34
		2,442,320,119.19	2,637,787,406.99

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

Legal representative:

A I L

Principal in charge of accounting:

I u

Head of accounting department:

A i h u

30th June, 2023

(All amounts in RMB Yuan unless otherwise stated)

	Note IV	June 30, 2023	December 31, 2022
Short-term borrowings	(xix)	2,100,000.00	203,000,000.00
Borrowings from the central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading	(xx)	13,922,929.3	13,922,929.38
Derivative financial liabilities			
Notes payable	(xxi)	1,400.00	997,944.00
Accounts payable	(xxii)	1,094.20	85,773,061.53
Receipts in advance	(xxiii)	3,99,303.21	29,894,836.50
Contract liabilities			
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	(xxiv)	2,30,900.01	70,558,349.71
Taxes payable	(xxv)	2,95,500.00	33,507,164.16
Other payables	(xxvi)	7,317,000.53	72,193,729.87
Fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Current portion of non-current liabilities	(xxvii)	1,42,499.00	147,598,324.39
Other current liabilities			
		77,032,045.00	657,446,339.54
Provision for insurance contracts			
Long-term borrowings	(xxviii)	352,30,000.00	391,010,000.00
Bonds payable			
including: Preferred shares			
Perpetual bonds			
Lease liabilities	(xxix)	150,199,719.94	171,437,740.27
Long-term payables	(xxx)	307,052.11	42,404,938.54
Long-term employee benefits payables			
Provisions			
Deferred income	(xxxix)	5,995.00	9,037,891.00
Deferred tax liabilities	(xvii)	40,99,210.50	40,547,878.81
Other non-current liabilities			
		53,50,935.55	654,438,448.62

30th June, 2023

(All amounts in RMB Yuan unless otherwise stated)

	Note IV	June 30, 2023	December 31, 2022
		1,311,290.2	1,311,884,788.16
Share capital	(xxxii)	74,003,300.00	74,600,300.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital surplus	(xxxiii)	527,213,073.3	855,078,533.30
Less: Treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserve	(xxxiv)	38,399,577.13	38,399,577.13
Provision for general risks			
Retained earnings	(xxxv)	27,255,591.9	233,506,534.43
		1,242,977,773.9	1,201,584,944.86
		139,519,311.1	124,317,673.97
		1,325,497,075.7	1,325,902,618.83
		27,442,321.19	2,637,787,406.99

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

Legal representative:

A I L

Principal in charge of accounting:

I u

Head of accounting department:

A i h u

P h

June 30, 2023

(All amounts in RMB Yuan unless otherwise stated)

A E	Note XIV	u 30, 2023	December 31, 2022
Cash at bank and on hand		13 ,19 ,51 .02	90,387,144.89
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	(i)	40, 7 9,2 0. 7	48,279,992.16
Receivables financing			
Advances to suppliers		3, 55 7 . 4	4,108,064.74
Other receivables	(ii)	52 , 20, 7 1.01	600,014,558.58
Inventories		12,9 1,31 7 .0	10,260,922.80
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets			105,000.00
		7 21,314, 7 53. 1	753,155,683.17

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June 30, 2023

(All amounts in RMB Yuan unless otherwise stated)

A E	Note XIV	u 30, 2023	December 31, 2022
Debt investments			
Other debt investments			
Long-term accounts receivables			
Long-term equity investments	(iii)	7 2, 32,193.31	741,962,585.53
Investments in other equity instruments		3,11 , 52.05	63,116,852.05
Other non-current financial assets			
Investment properties			
Fixed assets		294,53 7 2.14	300,390,487.39
Construction in progress		311, 00.00	311,600.00
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		24,39 ,5 9. 5	24,714,804.16
Development expenditure			
Goodwill			
Long-term prepaid expenses		1 ,55 7 5. 1	20,737,641.51
Deferred tax assets		1 7 ,215, 15. 5	15,529,248.15
Other non-current assets		510,550.00	7,506,300.00
		1,1 1,2 9,12 . 1	1,174,269,518.79
		1,902,593, 2. 2	1,927,425,201.96

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

Legal representative:

A I L

Principal in charge of accounting:

I u

Head of accounting department:

A i h u

Partnership

June 30, 2023

(All amounts in RMB Yuan unless otherwise stated)

	Note XIV	June 30, 2023	December 31, 2022
Current liabilities			
Short-term borrowings		2,100,000.00	195,000,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		19,325,049.1	20,689,401.73
Receipts in advance		77,595,357	3,299,924.90
Contract liabilities			
Employee benefits payable		15,599,415	18,740,841.95
Taxes payable		50,033.59	597,972.12
Other payables		127,341,451	49,473,505.95
Liabilities held for sale			
Current portion of non-current liabilities		130,575,500.00	91,487,500.00
Other current liabilities			
Current liabilities		447,512,437	379,289,146.65
Non-current liabilities			
Long-term borrowings		207,550,000.00	284,750,000.00
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables		1,979,912.9	25,922,687.47
Long-term employee benefits payables			
Provisions			
Deferred income		5,995.00	9,037,891.00
Deferred tax liabilities		2,291,279.9	2,291,279.89
Other non-current liabilities			
Non-current liabilities		237,824,011.1	322,001,858.36
Total liabilities		685,336,448.1	701,291,005.01

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June 30, 2023

(All amounts in RMB Yuan unless otherwise stated)

	June 30, 2023	December 31, 2022
Share capital	74,003,300.00	74,600,300.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital surplus	71,230,228.64	871,230,628.64
Less: Treasury stock		
Other comprehensive income		
Special reserves		
Surplus reserve	38,399,577.13	38,399,577.13
Retained earnings	233,224,409.00	241,903,691.18
Total	1,217,457,352.00	1,226,134,196.95
Total	1,902,593,202.00	1,927,425,201.96

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

Legal representative:

A I

Principal in charge of accounting:

I u

Head of accounting department:

A i h u

Profit and Loss Statement

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	Note IV	Amount for the current period	Amount for the previous period
I. Operating income		777,925,133.4	738,304,534.09
Including: Revenue	(xxxvi)	777,925,133.4	738,304,534.09
Interest income			
Premium income			
Fees and commission income			
II. Operating expenses		724,044,237	680,267,107.96
Including: Cost of sales	(xxxvi)	5,390,595.7	540,536,166.95
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	(xxxvii)	27,311.5	2,011,207.46
Selling and distribution expenses	(xxxviii)	7,210.00	6,115,884.91
General and administrative expenses	(xxxix)	101,924,027	94,894,218.90
Research and development expenses	(xl)	14,979,995.3	15,061,500.46
Financial expenses	(xli)	20,159,339	21,648,129.28
Including: Interest expenses		19,121,137.4	22,800,335.12
Interest income		27,043,109	-1,699,139.71
Add: Other income	(xlii)	5,224,951.15	5,904,642.30
Investment income (losses represented with "-" signs)	(xliii)	-195,259.3	-278,819.93
Including: Investment income from associates and joint ventures		-15,522.45	-1,671,780.92
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)	(xliv)		30,711.64
Credit impairment losses (losses represented with "-" signs)	(xlv)	-3,009,927.7	-2,731,680.33
Asset impairment losses (losses represented with "-" signs)			
Gains from disposal of assets (losses represented with "-" signs)	(xlvi)		389,315.92
III. Non-operating income		5,492,253	61,351,595.73
Add: Non-operating income	(xlvii)	5,924,909	5,351,731.93
Less: Non-operating expenses	(xlviii)	2,215,131.3	3,372,509.74
IV. Income tax expenses		0,209,112.14	63,330,817.92
Less: Income tax expenses	(xlix)	11,477,007	19,110,080.19



六、其他综合收益

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

六、其他综合收益	Note IV	Amount for the current period	Amount for the previous period
其他综合收益(按性质分类)		47 29,232.07	44,220,737.73
(i) Classification by continuity of operations			
1. Net profit from continuing operations (net losses represented with "-" signs)		47 29,232.07	44,220,737.73
2. Net profit from discontinued operations (net losses represented with "-" signs)			
(ii) Classification by ownership of the equity			

Profit and Loss Statement

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	Note XIV	Amount for the current period	Amount for the previous period
Revenue	(iv)	17,204,799.00	185,800,099.09
Less: Cost of sales	(iv)	130,739,779	133,222,735.95
Taxes and surcharges		140,434.74	-48,582.78
Selling and distribution expenses		13,090.03	880,640.77
General and administrative expenses		42,010,452.24	39,050,764.01
Research and development expenses		9,902.11	

Profit and Loss Statement

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	Note XIV	Amount for the current period	Amount for the previous period
Other comprehensive income that cannot be reclassified to profit and loss			
(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 classified to that can be reclassified to profit or loss			

现金流量表

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

项 目	Note IV	Amount for the current period	Amount for the previous period
I. 经营活动产生的现金流量			
Cash received from sales of goods or rendering of services		7 0,0 7 7 .35	653,410,155.49
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		1 9,903,99 .27	57,537,282.38
经营活动产生的现金流量净额		949,990.73	710,947,437.87
II. 投资活动产生的现金流量			
Cash paid for goods and services		2 9,09 ,5 0.43	305,934,085.24
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		300,131,941.5	267,178,624.43
Payments of taxes and surcharges		3 , 24,192.11	28,189,888.70
Cash paid relating to other operating activities		219,34 7 30. 2	53,670,364.91
投资活动产生的现金流量净额		3 ,399,424.92	654,972,963.28
经营活动和投资活动产生的现金流量净额		113,591,33 7 0	55,974,474.59

现金流量表

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

项目	Note IV	Amount for the current period	Amount for the previous period
II. 投资活动产生的现金流量			
Cash received from disposal of investments		,249,457.77	
Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,333.01	19,038,109.95
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		,251,790.78	19,038,109.95
Cash paid to acquire fixed assets, intangible assets and other long-term assets		107,432,204.1	121,119,527.96
Cash paid to acquire investments		3,900.00	
Net increase in pledged loans			
Net cash paid to acquire subsidiaries and other business units		15,170,013.0	62,372,716.90
Cash paid relating to other investing activities		500,059.94	
Sub-total of cash outflows of investing activities		127,390,593.41	183,492,244.86
投资活动产生的现金流量净额		-119,121,752.3	-164,454,134.91
III. 筹资活动产生的现金流量			
Cash received from capital contributions		2,450,000.00	4,040,100.00
Including: Cash received from capital contributions by non-controlling shareholders of subsidiaries		2,450,000.00	4,040,100.00
Cash received from borrowings		251,050,000.00	317,500,000.00
Cash received relating to other financing activities			2,551,764.22
筹资活动产生的现金流量净额		253,950,000.00	324,091,864.22
Cash repayments of borrowings		109,300,000.00	87,320,000.00
Cash payments for distribution of dividends, profit or interest expenses		21,324,299.72	17,290,881.25
Including: Cash payments for distribution of dividends and profit by subsidiaries to noncontrolling shareholders			
Cash paid relating to other financing activities		113,150,442.74	24,599,909.22
Sub-total of cash outflows of financing activities		244,104,742.4	129,210,790.47
筹资活动产生的现金流量净额		97,902,557.54	194,881,073.75

现金流量表

For the six months ended 30 June 2023
 (All amounts in RMB Yuan unless otherwise stated)

项 目	Note IV	Amount for the current period	Amount for the previous period
一、经营活动产生的现金流量		13,070.04	44,311.88
二、投资活动产生的现金流量		4,229,913.57	86,445,725.31
三、筹资活动产生的现金流量		25,595,990.92	188,734,845.77
四、汇率变动对现金及现金等价物的影响		22,904.21	275,180,571.08

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

Legal representative:
 A I L

Principal in charge of accounting:
 I U

Head of accounting department:
 A I h U

Profit and Loss Statement

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	Note XIV	Amount for the current period	Amount for the previous period
I. Operating activities			
Cash received from sales of goods or rendering of services		1,510,573.37	140,627,582.89
Refund of taxes and levies			
Cash received relating to other operating activities		491,307.00	259,922,752.08
Cash and cash equivalents received		1,999,880.37	400,550,334.97
Cash paid for goods and services		0,195,550.90	86,999,715.12
Cash paid to and on behalf of employees		0,912,433.33	75,729,018.54
Payments of taxes and surcharges		43,777.77	3,178,776.46
Cash paid relating to other operating activities		4,304,104.11	305,521,020.05
Cash and cash equivalents paid		5,455,866.11	471,428,530.17
Net cash received from operating activities		-3,455,985.74	-70,878,195.20
II. Investing activities			
Cash received from disposal of investments		1,577.44	50.00
Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			2,880.00
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Cash and cash equivalents received		1,577.44	2,880.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets		1,917,495.51	4,636,366.92
Cash paid to acquire investments		29,190,000.00	59,309,855.16
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
Cash and cash equivalents paid		30,577,495.51	63,946,222.08
Net cash paid from investing activities		-28,999,918.07	-63,943,342.08

Profit and Loss Statement

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	Note XIV	Amount for the current period	Amount for the previous period
III. Cash received from capital contributions			
Cash received from capital contributions			
Cash received from borrowings		199,050,000.00	272,500,000.00
Cash received from bond issuance			
Cash received relating to other financing activities			
Cash received from capital contributions		199,050,000.00	272,500,000.00
IV. Cash repayments of borrowings			
Cash repayments of borrowings		101,150,000.00	77,100,000.00
Cash payments for distribution of dividends, profit or interest expenses		12,344,450.2	12,885,143.93
Including: Dividends and profits paid by subsidiaries to minority shareholders			
Cash paid relating to other financing activities		79,243.75	50.00
Cash repayments of borrowings		192,574,200.2	89,985,143.93
Cash received from capital contributions		,291,799.4	182,514,856.07

利润表

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

	2023年6月30日止六个月的业绩	2022年6月30日止六个月的业绩	2021年6月30日止六个月的业绩
营业收入	1,201,549,441	1,201,549,441	1,201,549,441
营业成本	(238,503,844)	(238,503,844)	(238,503,844)
毛利	963,045,597	963,045,597	963,045,597
其他收益	3,389,513	3,389,513	3,389,513
公允价值变动收益	55,045,830	55,045,830	55,045,830
投资收益	74,003,000	74,003,000	74,003,000
资产减值损失	(1,325,902)	(1,325,902)	(1,325,902)
信用减值损失	(124,317,739)	(124,317,739)	(124,317,739)
其他	238,503,844	238,503,844	238,503,844
营业利润	1,125,902,113	1,125,902,113	1,125,902,113
营业外收入	3,389,513	3,389,513	3,389,513
营业外支出	(55,045,830)	(55,045,830)	(55,045,830)
利润总额	1,104,245,796	1,104,245,796	1,104,245,796
所得税费用	(124,317,739)	(124,317,739)	(124,317,739)
净利润	979,928,057	979,928,057	979,928,057
归属于母公司所有者的净利润	979,928,057	979,928,057	979,928,057
少数股东损益	-	-	-
其他综合收益	-	-	-
综合收益总额	979,928,057	979,928,057	979,928,057
每股收益	1.32	1.32	1.32

1. Add: changes in accounting policy
 Correction of accounting errors in prior periods
 Business combinations under common control
 Others

附注 5 截至 2023 年 6 月 30 日止六个月的业绩摘要

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

附注	2023 年 6 月 30 日止六个月的业绩摘要	2022 年 6 月 30 日止六个月的业绩摘要
5.1	营业收入	1,234,567
5.2	营业成本	(789,012)
5.3	毛利	445,555
5.4	销售费用	(123,456)
5.5	管理费用	(98,765)
5.6	研发费用	(156,789)
5.7	财务费用	(34,567)
5.8	资产减值损失	(12,345)
5.9	公允价值变动收益	23,456
5.10	投资收益	45,678
5.11	其他收益	67,890
5.12	营业利润	117,132
5.13	营业外收入	23,456
5.14	营业外支出	(12,345)
5.15	利润总额	128,243
5.16	所得税费用	(32,109)
5.17	净利润	96,134
5.18	归属于母公司股东的净利润	85,678
5.19	少数股东损益	10,456
5.20	其他综合收益	12,345
5.21	综合收益总额	108,479
5.22	归属于母公司股东的综合收益总额	98,765
5.23	少数股东综合收益总额	9,714



For the six months ended 30 June 2023

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 the PRC 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, 2023, 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.

The financial statements were authorised for issue by the Board of Directors of the Company on July 31, 2023.

II. Summary of significant accounting policies and accounting estimates

(I) Accounting standards and accounting estimates

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.

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 2022. The interim financial statements of the Group shall be read together with the financial statements for the year 2022.

财务报告

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

II. Summary of significant accounting policies and accounting estimates (continued)

(I) 持续经营假设 (Continuing concern assumption)

The financial statements are prepared on a going concern basis.

The new Hong Kong Companies Ordinance became effective on March 3, 2014. Certain disclosures in the financial statements have been adjusted in accordance with requirements therein.

(II) 符合企业会计准则 (Compliance with 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, 2023 and their financial performance and cash flows for January to June 2023.

III. Taxation

(I) 主要税种及税率 (Major taxes and rates)

税种 (Tax Type)	税率 (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%, 5%, 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%

For the six months ended 30 June 2023

III. Taxation (*continued*)

(II) P

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%.

For the six months ended 30 June 2023

(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, 2022 (audited), and balance as at the end of the period refers to the amount in the financial statements as at June 30, 2023 (unaudited), the current period refers to the six months ended June 30, 2023 (unaudited), and the previous period refers to the six month ended June 30, 2022 (unaudited).

(I) Cash and cash equivalents

		Balance as at the end of the previous year
Cash on hand	209,103	454,907.26
Cash at bank	2,235,513.11	257,534,338.59
Other cash balances	12,511,233.15	13,105,717.12
Total	24,955,934.26	259,095,039.00

For the six months ended 30 June 2023

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

(III) Accounts receivable

1. Accounts receivable disclosed by aging

Account	30 June 2023	Balance as at the end of the previous year
Within 1 year	409,954,541.17	388,961,193.05
1 – 2 years	1,077,070.99	4,755,919.87
2 – 3 years	3,554,902.02	3,941,367.25
Over 3 years	7,391,103.03	5,180,894.08
Subtotal	427,221,515.11	402,839,374.25
Less: Provision for bad debts	2,913,140.00	20,002,683.36
Total	400,230,202.04	382,836,690.89

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

Account	30 June 2023					Balance as at the end of the previous year				
	Provision for bad debts		Provision for bad debts		k ¥	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts on the individual basis	24,051,540.73	5.2	1,330,353.53	7.20	721,170.20	18,221,975.88	4.52	12,514,142.66	68.68	5,707,833.22
Including:										
Medical fees due from patients	24,051,540.73	5.2	1,330,353.53	7.20	721,170.20	18,221,975.88	4.52	12,514,142.66	68.68	5,707,833.22
Provision for bad debts on the grouping basis	403,747,445.00	94.3	9,577,559.10	2.3	394,107,114.40	384,617,398.37	95.48	7,488,540.70	1.95	377,128,857.67
Including:										
Overdue days grouping	403,747,445.00	94.3	9,577,559.10	2.3	394,107,114.40	384,617,398.37	95.48	7,488,540.70	1.95	377,128,857.67
Total	427,221,515.11	100.00	2,913,140.00		400,230,202.04	402,839,374.25	100.00	20,002,683.36		382,836,690.89

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

(III) Accounts receivable (continued)

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

Provision for bad debts is made on the individual basis:

Item	Amount	Provision	Provision ratio (%)	
Medical fees due from patients	24,051,540.73	17,330,353.53	72.06	Provision for bad debts based on Lifetime ECL
Total	24,051,540.73	17,330,353.53		

Item with provision on grouping basis:

Item	Amount	Provision	Provision ratio (%)
Overdue days grouping	403,674,674.45	9,567,559.61	2.37
Total	403,674,674.45	9,567,559.61	

For the six months ended 30 June 2023

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

(III) A

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

	Balance as at the end of the previous year	P /		
Provision for bad debts made on individual basis	12,514,142.66	4, 1 ,210. 7		7 ,330,353.53
Provision for bad debts made on grouping basis	7,488,540.70	2,10 ,912. 9	29, 93.9	9,5 7 ,559. 1
Total	20,002,683.36	,925,123. 7	29, 93.9	2 , 9 ,913.14

4. Accounts receivable written off in the current period

	Am
Accounts receivable written off	29, 93.9

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)


(I) Advances to suppliers

1. Advances to suppliers presented by aging

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	19,103,003.77	93.01	29,973,748.69	93.08
1-3 years	1,250,719.00	6.13	2,127,484.58	6.61
3-6 months	1,000.00	0.03	56,690.70	1.18
Over 3 years	49,000.00	0.24	43,300.00	0.13
Total	20,409,523.35	100.00	32,201,223.97	100.00

2. The top five receivers of advances by the balance as at the end of the period of advances to suppliers

Receiver	Amount	Proportion (%)
Beijing Jinbohan International Business Club Management Co., Ltd.	4,350,000.00	21.31
Wenzhou Dean Medical Laboratory Co., Ltd.	3,430,766.84	16.81
Hefei Yongji Pharmaceutical Co., Ltd.	1,762,075.01	8.63
Wenzhou Quanyi Medicine Co., Ltd.	1,411,016.00	6.91
Sinopharm Holding Wenzhou Co., Ltd.	1,331,110.72	6.52
Total	12,284,968.57	60.18



 For the six months ended 30 June 2023

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

() h i

L n	h i	Balance as at the end of the previous year
Interest receivable		
Dividends receivable		
Other receivables	7 ,9 1, 4. 0	37,195,219.68
Total	7 ,9 1, 4. 0	37,195,219.68

1. *Other receivables*

(1) *Other receivables disclosed by aging*

Aging	h i	Balance as at the end of the previous year
Within 1 year	7 ,034,31 . 7	31,752,956.09
1 – 2 years	2,53 ,1 7 5	12,384,779.19
2 – 3 years	,92 ,153.3	4,035,447.86
3 – 4 years	2, 49,1 .50	1,755,508.40
4 – 5 years	41,959. 3	101,363.874,035,447.86

For the six months ended 30 June 2023

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

() h i (. . . .)

1. *Other receivables (continued)*

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

Portfolio accruals:

η	η		P III (%)
	η	P III	
Portfolio of ageing credit risk	69,726,045.08	2,250,148.77	3.23
Total	97 2 ,045.0	2,250,14 77	

(3) *Details of provision for bad debts*

P III	η I	η II	η III
	η E A	η E A	η E A
Balance as at the end of the previous year	860,111.50		15,852,030.91
Balance as at the end of the previous year that transferred/reversed in the current period			
- Transfer to Stage II			
- Transferred to Stage III			
- Reversed to Stage II			
- Reversed to Stage I			
Provision for the current period	1,443,797.06		1,443,797.06
Reversal in the current period			
Written back in the current period			
Written off in the current period	53,759.79		53,759.79
Other changes			
Balance as at the end of the period	2,250,14 77		15, 52,030.91

其他应收款

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

() 其他应收款 ()

1. Other receivables (continued)

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

Changes in book value of other receivables:

	2023年6月30日		
	Stage I	Stage II	Stage III
Balance as at the end of the previous year	28,569,542.89		53,907,362.09
Balance as at the end of the previous year that transferred/reversed in the current period			
- Transfer to Stage II			
- Transferred to Stage III			
- Reversed to Stage II			
- Reversed to Stage I			
Addition for the current period	41,156,502.19		41,156,502.19
Derecognized in the current period			
Other changes			
Balance as at the end of the period	97,204,505.00	25,337,819.20	95,033,424.20

For the six months ended 30 June 2023

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

() h i (. . .)

1. *Other receivables (continued)*

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

	Balance as at the end of the previous year	P I / h i.	1,000 - k 1,000 - h i	h i
Provision for bad debts on individual basis	15,852,030.91			15, 52,030.91
Provision for bad debts on grouping basis	860,111.50	1,443, 9, .0	53, 59, 9	2,250,14 77
Total	16,712,142.41	1,443, 9, .0	53, 59, 9	1 ,102, 1, 9.

(5) *Other receivables written off in the current period*

	h i
Other receivables written off	53,759.79

(6) *Other receivables by nature*

	h i	Balance as at the end of the previous year
Deposits and guarantee	21,14 ,9 .11	20,677,631.31
Placements	0.00	816,666.30
Advances	1,920,291.0	2,388,682.68
Amounts due from related parties	3 , 3 , 19.20	26,559,018.86
Employee loans	15,130,000.00	
Others	1 ,02 7 5.91	3,465,362.91
Total	95,0 3, 4.2	53,907,362.09

For the six months ended 30 June 2023
 (All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

(I)

1. Inventory classification

	Balance as at the end of the current year		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 balance	Provision for decline in the value of inventories/ impairment provision for contract performance costs
Turnover materials	1,951.4		1,951.4	
Commodity stocks	52,709.01		52,709.01	
Total	54,773.114		54,773.114	

(II)

	Balance as at the end of the current year	Balance as at the end of the previous year

IV. Notes to the consolidated financial statements (continued)

(IX) 关联方关系及其交易

关联方名称	2023年6月30日		2022年12月31日	
	人民币	美元	人民币	美元
Balance as at the end of the previous year				
Hangzhou Anken Medical Technology Co., Ltd.	14,179,350.14	405,504.9	14,544,549.93	405,504.9
Wenzhou Longwan Yiming Hospital Co., Ltd.	57,600,000.00	-5,239.09	5,534.09	-5,239.09
Zhejiang Huangfeng Hospital Management Co., Ltd.	21,103,642.67	1,313,457.77	21,103,642.67	1,313,457.77

Associates

Hangzhou Anken Medical Technology Co., Ltd.

14,179,350.14

405,504.9

14,544,549.93

Wenzhou Longwan Yiming Hospital Co., Ltd.

57,600,000.00

-5,239.09

5,534.09

Zhejiang Huangfeng Hospital Management Co., Ltd.

21,103,642.67

1,313,457.77

21,103,642.67

For the six months ended 30 June 2023

IV. Notes to the consolidated financial statements (continued)

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

(X) Financial assets at fair value through profit or loss

Item	2023	Balance as at the end of the previous year
Financial assets at fair value through profit or loss	3,115,520.05	63,116,852.05
Including: Investments in equity instruments	3,115,520.05	63,116,852.05
Total	3,115,520.05	63,116,852.05

(XI) Fixed assets and fixed assets liquidation

1. Fixed assets and fixed assets liquidation

Item	2023	Balance as at the end of the previous year
Fixed assets	2,239,430	695,020,440.79
Disposal of fixed assets		
Total	2,239,430	695,020,440.79

For the six months ended 30 June 2023

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

(XI) Details of fixed assets

2. Details of fixed assets

	30 June 2023	30 June 2022	31 December 2022	31 December 2021	30 June 2021	30 June 2020	30 June 2019	30 June 2018
1. Original carrying values								
(1) Balance as at the end of the previous year	676,374,947.03	9,403,193.79	52,160,606.66	29,771,289.75	246,930.00	101,810,746.61	140,027,233.85	979,776,727.94
(2) Increase in the current period		626,942.88	7,630,725.39	1,297,900.03	-	4,660,269.61	-	12,716,082.82
- Purchase		626,942.88	3,586,315.36	1,292,500.03	-	4,660,269.61	-	8,873,527.85
- Increase from business combinations		-	4,044,410.03	5,400.00	-	-	-	4,044,410.03
(3) Decrease in the current period		-	930,898.70	761,455.47	-	1,232,965.20	-	2,365,718.96
- Disposed or retired		-	895,548.70	747,365.47	-	1,232,965.20	-	2,128,513.90
- Disposal of subsidiaries		-	35,350.00	14,090.00	-	-	-	35,350.00
- Other reductions	201,855.06							201,855.06
(4) Balance as at the end of the period	7,173,091.97	10,030,137.55	50,433,353.35	30,307,343.31	24,930.00	105,230,051.02	140,027,233.85	990,321,944.55
2. Accumulated depreciation								
(1) Balance as at the end of the previous year	107,334,791.37	4,981,299.30	37,252,025.00	22,455,885.36	226,919.31	68,567,186.58	66,620,984.90	284,756,287.15
(2) Increase in the current period	11,430,317.32	647,131.58	5,354,862.91	1,786,678.57	6,746.45	7,932,208.00	-	25,364,519.81
- Provision	11,430,317.32	647,131.58	3,824,127.11	1,785,148.57	6,746.45	7,932,208.00	-	23,833,784.01
- Increase from business combinations		-	1,530,735.80	1,530.00	-	-	-	1,530,735.80
(3) Decrease in the current period		2,019.60	848,466.42	705,391.14	-	1,180,842.38	-	2,031,328.40
- Disposed or retired		-	839,136.35	702,021.85	-	1,180,842.38	-	2,019,978.73
- Disposal of subsidiaries		2,019.60	9,330.07	3,369.29	-	-	-	11,349.67
(4) Balance as at the end of the period	11,224,103.32	5,549,933.35	41,542,149.49	23,536,122.79	233,665.76	75,350,429.58	66,620,984.90	300,091,445.55
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	55,544,914.14	4,480,204.24	7,891,203.86	7,771,220.52	13,264.24	29,879,621.44	73,406,248.95	2,239,480.30
(2) Carrying amount as at the end of the previous year	569,177,160.52	4,499,312.42	14,908,581.66	7,315,404.39	20,010.69	33,211,469.25	73,406,248.95	695,020,440.79



For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

(XII) Construction in progress

1. Construction in progress and construction material

		Balance as at the end of the previous year
Construction in progress	221,901,010.33	152,497,399.68
Construction material		
Total	221,901,010.33	152,497,399.68

2. Details of construction in progress

Project	2023		Balance as at the end of the previous year		
	YTD	Change	Book balance	impairment provision	book value
The decoration project of Wenzhou Kangning Hospital	311,00.00		311,00.00	311,600.00	311,600.00
The decoration project of Pingyang Changgeng Yining Hospital	3,120,90.95		3,120,90.95		
The construction project of Lucheng Yining Hospital	4,343,4.55		4,343,4.55	72,377,326.40	72,377,326.40
The expansion project of Linhai Cining Hospital	53,501,53.99		53,501,53.99	27,536,449.81	27,536,449.81
The expansion project of Quzhou Yining Hospital	34,057,013.11		34,057,013.11	16,073,697.42	16,073,697.42
The expansion project of Jinyun Shuning Hospital	45,190,09.31		45,190,09.31	35,508,167.99	35,508,167.99
Other minor decoration	1,353,2.42		1,353,2.42	690,158.06	690,158.06
Total	221,901,010.33		221,901,010.33	152,497,399.68	152,497,399.68

半年度报告

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

(XIII) 无形资产

项目	2023年6月30日	2022年12月31日
1. 原值		
(1) 上年末余额	318,648,155.90	318,648,155.90
(2) 本期增加		
- 新取得		
- 企业合并增加		
(3) 本期减少		
- 处置子公司	220,485.15	220,485.15
- 其他转移	2,074,046.26	2,074,046.26
(4) 期末余额	31,353,244.49	31,353,244.49
2. 累计折旧		
(1) 上年末余额	128,244,404.32	128,244,404.32
(2) 本期增加		
- 计提	20,598,505.54	20,598,505.54
(3) 本期减少		
- 处置子公司	137,803.09	137,803.09
- 其他转移	1,377,105.58	1,377,105.58
(4) 期末余额	14,320,001.19	14,320,001.19
3. 减值准备		
(1) 上年末余额		
(2) 本期增加		
(3) 本期减少		
(4) 期末余额		
4. 账面价值		
(1) 期末账面价值	19,025,233.30	19,025,233.30
(2) 上年末账面价值	190,403,751.58	190,403,751.58



半年度业绩回顾

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)



For the six months ended 30 June 2023

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

(X I) Assets and liabilities

Item	Balance as at the end of the previous year	Income	Expenses	Other decreases	Balance as at the end of the reporting period
Renovation expense	189,414,067.93	7,029,014.14	22,009.3		173,373,042.77
Lease expenses	172,270.94	5,025.7	3,529.0		193,795.64
Total	189,586,338.87	7,074,040.84	25,538.3		176,555,841.41

(X II) Deferred tax assets and liabilities

1. Deferred tax assets before offsetting

Item	Income	Expenses	Balance as at the end of the previous year	Balance as at the end of the reporting period
Provision for assets impairment	1,955,292.00	3,332.2	16,979,155.87	18,937,574.67
Deductible losses	59,400.04	1,144,900.01	50,169,236.15	59,454,736.18
Depreciation of right-of-use assets and amortisation of interest expenses on lease liabilities	4,205,524.49	1,051,131.13	4,390,510.38	7,445,903.75
Share-based payment	54,502.33	203,253.5	54,688,502.33	54,943,751.16
Total	145,742,722.85	29,970,216.9	126,227,404.73	170,716,261.69

For the six months ended 30 June 2023
 (All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

(X II) Deferred tax liabilities before offsetting

2. Deferred tax liabilities before offsetting

Item	2023		Balance as at the end of the previous year	
	2023 I	2023 II	Taxable temporary differences	Deferred tax liabilities
Appreciation of assets revalued in business combination involving enterprise not under common control	150,229,303	3,557,457	148,564,631.76	37,141,157.94
Changes in fair value of other non-current financial assets	13,115,520	1,975,521	13,116,852.07	1,967,527.81
One-off deduction for fixed assets	577,977	1,444,942.93	6,620,111.12	1,439,193.06
Total	1,912,300.2	40,992,150	168,301,594.95	40,547,878.81

(X III) Deferred tax assets before offsetting

Item	2023		Balance as at the end of the previous year	
	2023 I	2023 II	Deferred tax assets	Deferred tax liabilities
...

For the six months ended 30 June 2023

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

(XX) *Trading financial liabilities*

Account	Balance as at the end of the previous year	2023 I E I EP	2022 I E I EP
Trading financial liabilities	13,922,929.38		13,922,929.3
Total	13,922,929.38		13,922,929.3

(XXI) *Bank acceptance bills*

Account	2023 I E I EP	Balance as at the end of the previous year
Bank acceptance bills	1,400.00	997,944.00
Total	1,400.00	997,944.00

(XXII)A *Trade receivables*

Account	2023 I E I EP	Balance as at the end of the previous year
Within 1 year	5,509,131.21	84,193,738.77
1 – 2 years	2,022,209.99	1,161,389.02
2 – 3 years	222,323.13	71,968.47
Over 3 years	2,029.7	345,965.27
Total	8,015,944.20	85,773,061.53

(XXIII) A

1. *List of advances*

Account	2023 I E I EP	Balance as at the end of the previous year
Advances from goods and services	3,335.5	29,436,207.46
Rent received in advance	0,952.3	458,629.04
Total	3,993.21	29,894,836.50

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

(XXI) Employee benefits

1. List of employee benefits payable

Item	Balance as at the end of the previous year	2023 I	2023 II	2023 H1
Short-term employee benefits	68,138,710.58	27,153,109.9	24,379,441.1	59,945,544.43
Post-employment benefits – defined contribution plans	2,419,639.13	15,295,053.9	15,350,292.2	2,303,355.5
Total	70,558,349.71	291,409,242.2	299,730,339.9	2,303,900.01

2. List of short-term employee benefits

Item	Balance as at the end of the previous year	2023 I	2023 II	2023 H1
(1) Wages, bonuses, allowances and subsidies	66,161,148.57	24,147,103.3	254,297,229.9	5,209,945.42
(2) Staff welfare	307,382.14	945,320.4	9,112,010.10	140,134.0
(3) Social insurance contributions	1,464,184.43	10,312,097.1	10,205,232.3	1,534,049.9
Including: Medical insurance	1,425,747.59	9,921,142.2	9,204,559.59	1,530,077.7
Work injury insurance	37,301.70	30,223.23	307,357.1	3,290.09
Maternity insurance	424.64	1,392.0	1,000.0	1.4
Others	710.50	-1,334.00		
(4) Housing funds	205,995.44	107,441.90	107,400.90	32,011.54
(5) Labour union funds and employee education funds	-	13,994.1	12,551.51	1,112.90
(6) Short-term paid leave				
(7) Short-term profit-sharing scheme				
(8) Other short-term employee benefits				
Total	68,138,710.58	27,153,109.9	24,379,441.1	59,945,544.43

For the six months ended 30 June 2023

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

(XXI) E

3. List of defined contribution plans

L	Balance as at the end of the previous year	I		L
		U	U	
Basic pensions	2,347,144.91	14,97,02.2	14,53,77	2,2,320.0
Unemployment insurance premiums	72,494.22	49,542.5	49,1.05	74,035.50
Total	2,419,639.13	15,295,05.39	15,350,29.2	2,30,355.5

(XX) E

L	I		Balance as at the end of the previous year
	U	U	
Value-added tax (VAT)	2,509,70.7		2,399,813.52
Enterprise income tax	24,032,93.09		26,859,279.46
Individual income tax	05,45.42		1,260,918.02
Property tax	9,40.2		2,292,516.47
Land use tax	159,49.30		387,329.69
Stamp tax	2,42.20		25,663.04
City maintenance and construction tax	100,435.1		163,205.29
Education surcharge	7,1741.2		116,587.33
Environmental protection tax	1,55.0		1,696.00
Water Resources Fund	59.4		155.34
Total	2,95,50.		33,507,164.16

(XXI) L

L	I		Balance as at the end of the previous year
	U	U	
Interest payable			577,043.05
Dividend payable	25,11.01		735,000.00
Other payable	,91,9.52		70,881,686.82
Total	7,317,0.53		72,193,729.87

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(XX I) 6 (. . . .)

1. *interest payable*

		Balance as at the end of the previous year
6.7	6.7	
Interest on long-term borrowings with interest payments by installment and principal payments at due		577,043.05
Total		577,043.05


2. *dividend payable*

		Balance as at the end of the previous year
6.7	6.7	
Dividends payable – minority shareholders of subsidiaries	25,1 1.01	735,000.00
Total	25,1 1.01	735,000.00

3. *Other payables*

(1) *List of other payables by nature*

		Balance as at the end of the previous year
6.7	6.7	
Payables for long-term assets acquisition	24,5 0,009.11	25,932,146.03
Payables for equity acquisition	0.00	7,000,000.00
Withholding expenses	1,400, 0 .	3,682,272.62
Deposits and Guarantees	1,905,152. 0	1,900,552.80
Current accounts	25,4 0, 53.0	17,695,375.57
Placements	3,99 , 13.52	4,374,261.21
Amounts from related parties within the group	2,5 277 97 9	3,673,024.53
Suspense accounts payable	23,400,314.30	
Others	3,3 3,3 .04	6,624,054.06
Total	, 91, 97 .52	70,881,686.82



 For the six months ended 30 June 2023

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

(XX II) 

L. n	h h	Balance as at the end of the previous year
Long-term borrowings due within one year	134,0 0,000.00	22,470,000.00
Long-term payables due within one year	24,992,499.0	99,580,000.00
Lease liabilities due within one year	29,5 0,000.00	25,548,324.39
Total	1 , 42,499.0	147,598,324.39

(XX III) 

L. n	h h	Balance as at the end of the previous year
Pledged loans	1 2,500,000.00	186,000,000.00
Secured borrowings	1,500,000.00	
Guaranteed borrowings	242,900,000.00	227,480,000.00
Less: Long-term borrowings due within one year	134,0 0,000.00	22,470,000.00
Total	352, 30,000.00	391,010,000.00

(XXIX) 

L. n	h h	Balance as at the end of the previous year
Lease liabilities	150,199, 7 1.94	171,437,740.27
Total	150,199, 7 1.94	171,437,740.27

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

(XXX) 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

Unit	2023	2022	Balance as at the end of the previous year
Long-term accounts payable	30,705,211		42,404,938.54
Total	30,705,211		42,404,938.54

Including: long-term accounts payable

Unit	2023	2022	Balance as at the end of the previous year
Finance lease payable	0,340,521.11		141,984,938.54
Including: Unrealised finance charges	,333,553.2		9,382,772.07
Less: long-term payables due within one year	29,500,000.00		99,580,000.00
Total	30,705,211		42,404,938.54



For the six months ended 30 June 2023

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

(XXXI) Projects related to government grants

Projects related to government grants:

	Balance as at the end of the previous year	Assets	Amortization	Other changes	Asset-related/income-related
Expansion project of the inpatient building	9,037,891.00		151,900.00		5,995.00 Asset-related
Total	9,037,891.00		151,900.00		5,995.00

(XXXII) h

	Balance as at the end of the previous year	(+)	(-) (Decrease)	Total
Total shares	74,600,300.00			74,000,300.00

中 国 人 民 银 行 外 汇 存 款 报 表

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

(XXXIII) 未 分 配 利 润

项 目	Balance as at the end of the previous year	本 期 初 始	本 期 末 止	变 动 额
		人民币元	人民币元	人民币元
Capital premium (Share premium)	783,420,735.87		2,357,225.93	1,035,099.94
Other capital surplus				
- Share-based payment	44,857,374.20			44,573,420.00
- Other capital surplus	26,800,423.23			2,004,232.30
Total	855,078,533.30		2,357,225.93	527,213,077.30

(XXXI) 盈 余 公 积 金

项 目	Balance as at the end of the previous year	Balance at the beginning of the year	本 期 初 始	本 期 末 止	变 动 额
			人民币元	人民币元	人民币元
Statutory surplus reserve	38,399,577.13			38,399,577.13	
Total	38,399,577.13			38,399,577.13	

Other notes:

In accordance with the Company Law of the People's Republic of China, the Company shall appropriate 10% of the net profit for the year to the statutory surplus reserve. The Company can cease appropriation when the statutory surplus reserve reaches more than 50% of the registered capital. The statutory surplus reserve can be used to make up losses or increase the paid-in capital upon approval.

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For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

(XXX I) . u (. . . .)

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

Breakdown of revenue:

Item	Amount	Amount for the previous period
Revenue from main business	72,923,334.3	683,078,850.17
Including: Pharmaceutical sales	15,940,050.05	147,585,739.76
Treatments and general healthcare services	5,142,220.3	535,493,110.41
Revenue from other business	49,232,530.41	55,225,683.92
Including: Wholesale and retail revenue of		
pharmaceutical and equipment	2,100,500.5	37,656,705.69
Management services	1,451,450.00	1,500,000.00
Rental income	2,591,770.00	3,417,245.81
Others	1,000,025.00	12,651,732.42
Total	77,925,133.4	738,304,534.09

2. *Description of performance obligations*

The performance obligation of treatments and general healthcare services refers to the provision of diagnosis and healthcare services to outpatients, which is usually completed when diagnosis and healthcare services are provided after the patients have paid the fees.



For the six months ended 30 June 2023

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

(XXX II) h

L. n	Amount for the previous period	Amount for the previous period
Property tax	1,001,891.04	1,049,919.27

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For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

(XXXIX)

科目	Amount for the current period	Amount for the previous period
Employee benefits	55,921,250.00	49,573,428.40
Depreciation expenses	5,720,360.45	5,720,360.45
Amortisation of intangible assets	2,293,955.81	2,293,955.81
Amortisation of long-term prepaid expenses	3,232,014.43	3,232,014.43
Pharmaceutical and medical consumables used	899,362.84	899,362.84
Housing lease expenses	779,580.51	779,580.51
Equity incentives	3,343,511.39	3,343,511.39
Office expenses	1,607,083.90	1,607,083.90
Travelling expenses	1,723,546.90	1,723,546.90
Utilities	963,759.27	963,759.27
Property management expenses	1,724,874.78	1,724,874.78
Canteen expenditure	1,603,121.87	1,603,121.87
Outsourcing expenses	1,481,863.80	1,481,863.80

For the six months ended 30 June 2023

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

(XII) Interest expense

Unit	Amount for the six months ended 30 June 2023	Amount for the previous period
Interest expense	19,122,137.4	22,800,335.12
Including: Interest expenses on lease liabilities	5,057,107.1	7,238,858.39
Less: interest income	27,043,310.9	1,699,139.71
Foreign exchange gains and losses	-13,070.04	-44,311.88
Others	544,244.0	591,245.75
Total	20,159,047.3	21,648,129.28

(XII) Government grants

Unit	Amount for the six months ended 30 June 2023	Amount for the previous period
Government grants	5,004,421.10	5,361,749.51
Fees for withholding individual income tax	200,405.44	220,294.02
Others	21,073.1	321,968.77
Total	5,224,951.5	5,904,642.30

(XIII) Investment income

Unit	Amount for the six months ended 30 June 2023	Amount for the previous period
Income from long-term equity investments under the equity method	-15,522.45	-1,671,780.92
Investment income from disposal of long-term equity investments	-3,203.4	1,392,960.99
Total	-195,725.93	-278,819.93

中 国 人 民 银 行 上 海 分 行 信 用 证 申 请 表

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(XII) 信用证业务

信用证业务是指本行根据开证申请人的要求，向受益人开出信用证，承诺在符合信用证条款的条件下，按约定金额付款的业务。





For the six months ended 30 June 2023

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

(XII II) - Profit and Loss Statement

L. n.	Amount in million EUR	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	10,137.9	8,843.14	10,137.96
Including: Fixed assets	10,137.9	8,843.14	10,137.96
Donations received	5,573,344.	4,017,521.21	5,573,844.86
Government grants not related to the daily activities of the enterprise	232,490.00	1,166,876.42	232,490.00
Others	10,401.	158,491.16	108,488.16
Total	5,924,900.9	5,351,731.93	5,924,960.98

(XII III) - Profit and Loss Statement

L. n.	Amount in million EUR	Amount for the previous period	Amounts
			included in non-recurring profits and losses for the current period



For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

(XIX) Income tax

1. Table of income tax expenses

Item	Amount for the current period	Amount for the previous period
Current income tax expense	23,352,057	23,230,774.09
Deferred income tax expense	-11,032,500	-4,120,693.90
Total	11,477,007	19,110,080.19

2. Reconciliation between total profit and income tax expenses

Item	Amount for the current period
Total profit	0,207,112.14
Income tax expenses calculated at the statutory or applicable tax rates	1,077,002.03
Impact of different tax rates applicable to subsidiaries	212,217.4
Adjustment to impact of income tax of past periods	-1,425.9
Impact of non-taxable income	7779.9
Impact of non-deductible costs, expenses and losses	45,141.99
Impact of deductible losses of the deferred income tax assets unrecognized in the previous period	-1,105.29
Impact of deductible temporary differences or deductible losses for which deferred income tax assets are not recognized in the current period	-24177.23
Impact of additional deduction of research and development expenses	-11,075.5
Impact of business combination involving enterprise not under common control	-1,3334.41
Others	91,9277
Income tax expenses	11,477,007



For the six months ended 30 June 2023

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

(A) 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:

Item	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to the ordinary shareholders of the parent company	43,500,057.4	38,788,155.89
Weighted average number of outstanding ordinary shares of the Company	74,003,300.00	74,600,300.00
Basic earnings per share	0.59	0.52
Including: Basic earnings per share from continuing operations	0.59	0.52
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):

Item	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to the ordinary shareholders of the parent company (diluted)	43,500,057.4	38,788,155.89
Weighted average number of outstanding ordinary shares of the Company(diluted)	74,003,300.00	74,600,300.00
Diluted earnings per share	0.59	0.52
Including: Diluted earnings per share from continuing operations	0.59	0.52
Diluted earnings per share from discontinued operations		

中 国 石 油 股 份 有 限 公 司

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

(A) 中 国 石 油 股 份 有 限 公 司

1. Supplementary information to the cash flow statement

中 国 石 油 股 份 有 限 公 司	金 额	Amount for the previous period
1. Reconciliation from net profit to cash flows from operating activities		
Net profit	43,500,054.4	38,788,155.89
Add: Gains of non-controlling shareholders for the current period	4,991,414.1	5,432,581.84
Credit impairment losses	3,009,927.7	2,731,680.33
Provision for assets impairment		-
Depreciation of fixed assets	23,337,401	28,063,119.25
Depreciation of oil and gas assets		-
Depreciation of right-of-use assets	20,595,505.54	20,760,704.78
Amortisation of intangible assets	14,041,941	12,489,361.10
Amortisation of long-term prepaid expenses	227,1392.2	25,082,357.37
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains represented with "-" signs)		-389,315.92
Losses on scrapping of fixed assets (gains represented with "-" signs)	1,414	230,243.01
Losses on changes in fair value (gains represented with "-" signs)		-30,711.64
Finance expenses (gains represented with "-" sign)	19,190,742	22,756,023.24
Investment losses (gains represented with "-" sign)	195,259.3	278,819.93
Decrease in deferred tax assets (increase represented with "-" signs)	-9,314,304.24	153,565.04
Increase in deferred tax liabilities (decrease represented with "-" signs)	421,339.9	2,475,741.06
Decrease in inventories (increase represented with "-" signs)	3,557,515.9	3,049,315.08
Decrease in operating receivables (increase represented with "-" signs)	13,057,344.1	-103,135,220.95
Increase in operating payables (decrease represented with "-" signs)	-4,501,127	-2,761,944.82
Others		
Net cash flows from operating activities	113,591,337.0	55,974,474.59
2. Significant non-cash transactions in relation to investing and financing activities		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets held under finance leases		
3. Net movement in cash and cash equivalents		
Cash at the end of the period	22,904.2	275,180,570.66
Less: Cash at the beginning of the period	25,595,990.9	188,734,845.35
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	4,22,913.5	86,445,725.31

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For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IV. Notes to the consolidated financial statements (continued)

(AIII) Assets subject to restriction

Item	Amount	Reasons for restriction
Money funds	7,030.00	Banker's acceptance deposit
	12,000,000.00	performance bond (international trade)
Fixed assets	35,12,151.7	Charges on fixed assets
	7,340,24.95	Sale and leaseback financial leasing
Intangible asset	10,3.02	Charges on intangible assets
Total	133,942,40.1	

V. Changes in scope of consolidation

(I) Business combination not under common control during the period

1. Business combination not under common control during the period

Item	Pre-acquisition		Post-acquisition		Change in percentage of ownership	Change in control
	Amount	Percentage	Amount	Percentage		
Investment	416.4	41.6%	416.4	41.6%		
Share of net assets	416.4	41.6%	416.4	41.6%		
Share of net assets	416.4	41.6%	416.4	41.6%		
Share of net assets	416.4	41.6%	416.4	41.6%		
Share of net assets	416.4	41.6%	416.4	41.6%		

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六、 收购

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

V. Changes in scope of consolidation (continued)

(I) 收购

3. Identifiable assets and liabilities of the acquiree on the date of acquisition

收购	2023年6月30日		2022年6月30日	
	人民币	美元	人民币	美元
Assets:				
Cash and bank balances			562,986.94	562,986.94
Accounts receivable	12,167.15	12,167.15	11,292,072.74	7,414,323.69
Other receivables			1,074,846.30	677,201.30
Prepayments			1,167,668.59	166,068.59
Inventories	109,424.55	109,424.55	373,931.03	373,931.03
Other current assets			360,020.26	360,020.26
Fixed assets	8,270.20	8,270.20	2,196,970.19	2,505,404.03
Right-of-use assets				
Construction in progress			82,000.00	
Intangible asset	4,850.00	4,850.00		17,000,000.00
Long-term prepaid expenses			5,550,629.97	5,550,629.97
Deferred tax assets				
Other non-current assets				
Liabilities:				
Borrowings				
Payables	210,741.55	210,741.55	457,516.78	457,516.78
Other payables	1,010,178.58	109,424.55	1,045,046.80	1,045,046.80
Employee benefits payable			340,592.00	340,592.00
Taxes payable	10,287.89	10,287.89		
Advance receipts				
Lease liabilities				
Deferred income tax liabilities				2,987,359.95
Net assets	-1,096,496.12	-195,742.09	20,817,970.44	29,780,050.28
Less: minority interests			10,200,805.52	14,592,224.64
Net assets acquired	-1,096,496.12	-195,742.09	10,617,164.92	15,187,825.64

Determination of the fair value of identifiable assets and liabilities:

The Company determined the fair value of identifiable assets and liabilities by using valuation techniques.

For the six months ended 30 June 2023

VI. Interests in other entities

(I) Interests in other entities

1. Structure of the Group

Entity Name	Legal Form	Registered Office	Principal Office	Business Nature	Ownership (%)	
					Shareholding	Control
Zhejiang Kangning Hospital Management (Group) Co., Ltd	limited liability company(LLC)	Ningbo	Ningbo	Hospital management	100.00	Incorporation
Pingyang Kangning Hospital Co., Ltd	LLC	Pingyang country	Pingyang country	Medical service	100.00	Incorporation
Wenzhou Yining Geriatric Hospital Co., Ltd	LLC	Wenzhou	Wenzhou	Medical service	100.00	Incorporation
Quzhou Yining Hospital Co., Ltd	LLC	Quzhou	Quzhou	Medical service	60.00	Incorporation
Taizhou Luqiao Cining Hospital Co., Ltd	LLC	Taizhou	Taizhou	Medical service	51.00	Incorporation
Yiwu Kangning Hospital Management Co., Ltd	LLC	Yiwu	Yiwu	Hospital management	100.00	Incorporation
Hangzhou Yining Hospital Co., Ltd	LLC	Hangzhou	Hangzhou	Medical service	60.00	Incorporation
Taizhou Kangning Hospital Co., Ltd	LLC	Taizhou	Taizhou	Medical service	51.00	Business combination not under common control
Hangzhou Cining Hospital Co., Ltd	LLC	Hangzhou	Hangzhou	Medical service	100.00	Incorporation
Wenzhou Tianzhentang Chinese Medicine Clinic Co., Ltd	one-person limited liability company	Wenzhou	Wenzhou	Medical service	100.00	Incorporation
Zhejiang Jerinte Health Technology Co., Ltd	LLC	Hangzhou	Hangzhou	Technology Services	100.00	Incorporation
Wenzhou Jerinte Jingxin Technology Co., Ltd	LLC	Wenzhou	Wenzhou	Technology Services	50.00	Incorporation
Nanjing Yining Hospital Co., Ltd	LLC	Nanjing	Nanjing	Medical service	85.65	Business combination not under common control
Heze Yining Psychiatric Hospital Co., Ltd	LLC	Heze	Heze	Medical service	51.00	Business combination not under common control
Guanxian Yining Hospital Co., Ltd	Other limited liability companies	Guanxian	Guanxian	Medical service	90.00	Business combination not under common control
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd	Other limited liability companies	Taizhou	Taizhou	Medical service	51.00	Business combination not under common control
Beijing Yining Hospital Co., Ltd	LLC	Beijing	Beijing	Medical service	51.00	Incorporation
Wenzhou Yixin Health Technology Co., Ltd	LLC	Wenzhou	Wenzhou	Technical Services	100.00	Business combination not under common control



For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

Name	Legal form	Registered office	Principal office	Business	Ownership (%)	
					Shareholding percentage	Control
Huainan Kangning Hospital Co., Ltd	LLC	Huainan	Huainan	Medical service	95.00	Business combination not under common control
Zhejiang Yining Health Technology Co., Ltd	LLC	Hangzhou	Hangzhou	Technology Services	98.00	Incorporation
Wenzhou Yining Drugstore Co., Ltd	LLC	Wenzhou	Wenzhou	Drug retail	100.00	Incorporation
Yining Mental Health E-Hospital (Wenzhou) Co., Ltd	LLC	Wenzhou	Wenzhou	Hospital management	100.00	Incorporation
Zhejiang Dening Pharmaceutical Co., Ltd	Other limited liability companies	Wenzhou	Wenzhou	Pharmaceutical retail	80.00	Incorporation
Changchun Kanglin Psychological Hospital Co., Ltd	Other limited liability companies	Changchun	Changchun	Medical service	64.55	Business combination not under common control
Chun'an Qiandao Lake Kangning Hospital Co., Ltd	LLC	Hangzhou	Hangzhou	Medical service	100.00	Incorporation
Hangzhou Yining Medical Equipment R&D Co., Ltd	LLC	Hangzhou	Hangzhou	Technology Services	100.00	Incorporation
Hangzhou Yining Nursery Service Service Co., Ltd	LLC	Hangzhou	Hangzhou	Nursing care	100.00	Incorporation
Linhai Cining Hospital Co., Ltd	LLC	Taizhou	Taizhou	Medical service	100.00	Incorporation
Shenzhen Yining Hospital	LLC	Shenzhen	Shenzhen	Medical service	55.00	Incorporation
Zhejiang Huangfeng Hospital Management Co., Ltd	LLC	Hangzhou	Hangzhou	Hospital management	66.00	Business combination not under common control
Pujiang Yining Huangfeng Hospital Limited (浦江怡寧黃鋒醫院有限公司)	LLC	Jinhua	Jinhua	Medical service	100.00	Incorporation
Chun'an Kangning Huangfeng Hospital Co., Ltd	LLC	Hangzhou	Hangzhou	Medical service	100.00	Incorporation
Cangnan Kangning Hospital Co., Ltd	LLC	Cangnan	Cangnan	Medical service	100.00	Incorporation
Cangnan Yining Nursing Center Co., Ltd	LLC	Cangnan	Cangnan	Medical service	100.00	Incorporation
Yueqing Kangning Hospital Co., Ltd	LLC	Leqing	Leqing	Medical service	100.00	Incorporation



For the six months ended 30 June 2023

VI. Interests in other entities (continued)

(I) Interests in other entities (continued)

1. Structure of the Group (continued)

Entity Name	Legal Form	Registered Office		Main Business	Ownership (%)	Incorporation Method
		Province	City			
Linhai Kangning Hospital Co., Ltd	LLC	Taizhou	Taizhou	Medical service	80.00	Incorporation
Ouhai Yining Elderly Hospital Co., Ltd	LLC	Wenzhou	Wenzhou	Medical service	100.00	Incorporation
Qingtian Kangning Hospital Co., Ltd	LLC	Lishui	Lishui	Medical service	100.00	Incorporation
Shenzhen Yining Medical Investment Co., Ltd	LLC	Shenzhen	Shenzhen	Medical investment	100.00	Incorporation
Wenzhou Cining Hospital Co., Ltd	LLC	Wenzhou	Wenzhou	Medical service	100.00	Business combination not under common control
Wenzhou Kangning Judicial Forensic Centre	LLC	Wenzhou	Wenzhou	forensic	100.00	Incorporation
Wenzhou Lucheng Yining Hospital Co., Ltd	LLC	Wenzhou	Wenzhou	Medical service	60.00	Incorporation
Yongjia Kangning Hospital Co., Ltd	LLC	Wenzhou	Wenzhou	Medical service	100.00	Incorporation
Pingyang Changgeng Yining Hospital Co., Ltd	LLC	Wenzhou	Wenzhou	Medical service	100.00	Business combination not under common control
Jinyun Shuning Hospital Co., Ltd	LLC	Lishui	Lishui	Medical service	51%	Business combination not under common control
Yueqing Yining Integrated Chinese and Western Medicine Hospital Co., Ltd (樂清怡寧中西醫結合醫院有限公司)	LLC	Wenzhou	Wenzhou	Medical service	100%	Business combination not under common control
Wenzhou Anken Pharmacy Co., Ltd	LLC	Wenzhou	Wenzhou	Pharmaceutical retail	100%	Business combination not under common control
Loudi Kangle Kangning Hospital Limited Liability Company	LLC	Wenzhou	Wenzhou	Medical service	51%	Business combination not under common control
Wenzhou Yuji Health Technology Co., Ltd (溫州育己健康科技有限公司)	LLC	Wenzhou	Wenzhou	Health consulting	55%	Incorporation

六、其他权益工具投资

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

VI. Interests in other entities (continued)

(I) 其他权益工具投资 (其他)

2. Significant non-wholly owned subsidiaries

η 单位	h h (%)	2023年6月30日		2023年1月1日	
		h h	h h	h h	h h
Wenzhou Lucheng Yining Hospital Co., Ltd	40.00	-152,322.75	25,815,007.53		
Beijing Yining Hospital Co., Ltd	49.00	-1,303,295.32	493,375.06		
Shenzhen Yining Hospital Co., Ltd	45.00	-1,135,105.18	-4,216,850.65		

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

η 单位	2023年6月30日		2023年1月1日	
	h h	h h	h h	h h



For the six months ended 30 June 2023

VI. Interests in other entities (continued)

(I) Interests in other entities (continued)

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

Name of Subsidiary	Amount for the current period			
	Revenues	Net profit	Total comprehensive income	Cash flows from operating activities
Wenzhou Lucheng Yining Hospital Co., Ltd		-3 0, 0 .7	-3 0, 0 .7	-3, 09,5 4.5
Beijing Yining Hospital Co., Ltd	7,9 ,933.21	-2, 59 ₇ .3	-2, 59 ₇ .3	-109 ₇ 29.11
Shenzhen Yining Hospital Co., Ltd	11,433, 5 ₇ .2	-2,522,455.9	-2,522,455.9	, 5,5 5.01
	Amount for the previous period			
Name of Subsidiary	Revenues	Net profit	Total comprehensive income	Cash flows from operating activities

六 月 三 十 日 止 的 六 个 月 内

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

VI. Interests in other entities *(continued)*



For the six months ended 30 June 2023

VII. Risk Management

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 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 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.

(I) 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, notes receivable, accounts receivable, accounts receivable financing, other receivables, debt investment, other debt investment and the financial guarantee contract, and debt instrument investment and derivative financial assets measured at fair value through profit or loss, which are not included in the impairment assessment scope.

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.

六 月 三 十 日 止 的 六 个 月 内

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

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

(I) 信 用 风 险 (信 用 风 险)

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

For the six months ended 30 June 2023

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

(II) 流动性风险 (流动性)

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

项目	1年以内	1-2	2-5	5年以上	合计
Notes payable	1,400.00				1,400.00
Bank borrowings	300,100,000.00	223,354,176.00	15,090,144.00	9,285,680.00	537,829,900.00
Non-current liabilities due within one year	24,992,499.00				24,992,499.00
Long-term accounts payable	29,500,000.00	4,951,752.75	2,076,534.51		36,528,287.26
Total	354,911,559.00	228,305,928.75	17,166,678.51	9,285,680.00	609,673,846.26

Items	Balance as at the end of the previous year					Total
	Instant repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	
Notes payable		997,944.00				997,944.00
Bank borrowings		211,396,818.18	223,154,176.00	153,052,040.00	69,285,680.00	656,888,714.18
Long-term accounts payable		99,580,000.00	28,954,752.75	26,076,534.51		154,611,287.26
Total		311,974,762.18	252,108,928.75	179,128,574.51	69,285,680.00	812,497,945.44

(III) 市场风险

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.

The Company's interest rate risk mainly arises from long-term interest bearing borrowings including long-term borrowings. 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 derivative financial instruments to hedge interest rate risk when necessary.

On June 30, 2023, the Company's long-term interest bearing borrowings were mainly RMB-denominated with fixed rates.

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(All amounts in RMB Yuan unless otherwise stated)

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

(III) 汇率风险 (Exchange rate risk)

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 major operational activities of the Company are carried out within the PRC and a majority of the transactions are denominated in RMB. The Company is exposed to foreign exchange risk arising from the recognized assets denominated in foreign currencies (mainly denominated in USD and HKD). The finance department of the Company is responsible for monitoring the amount of assets and transactions denominated in foreign currencies, to reduce foreign exchange risk to the greatest extent.

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

项目	2023年6月30日			Balance as at the end of the previous year			
	\$	\$	人民币	US\$	HK\$	Total	
Cash and bank balances	591,799.1	49,933.1	41,733.52	880,734.82	50,073.95	930,808.77	
Total	591,799.1	49,933.1	41,733.52	880,734.82	50,073.95	930,808.77	880,734.82.53

For the six months ended 30 June 2023

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.

(1) 

Item	Fair value measurement		
	Level 1	Level 2	Level 3
Financial assets held for trading			
1. Financial assets measured at fair value through profit or loss	10,641,026.00		
(1) Investments in debt instruments			
(2) Investments in equity instruments	10,641,026.00		
(3) Derivative financial assets			
2. Financial asset designated to be measured at fair value through profit or loss			
Financial liabilities held for trading			
1. Financial liabilities held for trading	13,922,929.38		
(1) Exchangeable bonds issued			
(2) Derivative financial liabilities			
(3) Other	13,922,929.38		
2. Financial liabilities designated to be measured at fair value through profit or loss			
Total	13,922,929.38		13,922,929.38

杭州英宁医药有限公司
Hangzhou Yining Pharmaceutical Co., Ltd.

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(All amounts in RMB Yuan unless otherwise stated)

VIII. Disclosure of fair value (continued)

(II) 本公司在资产负债表日对金融资产和金融负债的公允价值进行了评估。除公允价值计量属性外，本公司还披露了公允价值计量的层次。公允价值计量的层次如下：

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 appointed an independent appraiser to assess the fair value of the transactional financial liabilities 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 valuation was carried out by the Company's financial staff for 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, as described in note III, (xxxi) to this note.

本公司及其附屬公司

For the six months ended 30 June 2023

IX. Related parties and related party transactions

(I) 最終控股股東

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

(II) 附屬公司

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

(III) 重要合資企業及關聯公司

For details of the Company's significant joint ventures or associates, please refer to Note "VII. 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:

關聯公司名稱	關係
Hangzhou Anken Medical Technology Co., Ltd	Associate
Chengdu Yining Hospital Co., Ltd	Associate
Chongqing Hechuan Kangning Hospital Co., Ltd	Associate
Hangzhou Yining Hospital Co., Ltd	Associate

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IX. Related parties and related party transactions (continued)

(1) List of related parties

Related Party	Relationship
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
Shandong Furen Hospital Management Co., Ltd	Non-controlling shareholder of subsidiaries of the Company
Jilin Nuoyazhizhou Investment Co., Ltd	Non-controlling shareholder of subsidiaries of the Company
Qu Kaisheng	Non-controlling shareholder of subsidiaries of the Company
Wu Lianxi	Non-controlling shareholder of subsidiaries of the Company
Ding Min	Non-controlling shareholder of subsidiaries of the Company
Chen Xianfa	Non-controlling shareholder of subsidiaries of the Company
Lin Yuanlong	Non-controlling shareholder of subsidiaries of the Company
Xu Yi	Spouse of a substantial shareholder of the Company
Other individuals	Immediate relatives of directors, supervisors and senior management
Wang Hongyue	De facto controlling party
Datong Yining Hospital Co., Ltd	Director, hAv immediate relative of de facto controlling party
Ningbo Meishan Bonded Port Area KuanzhAv 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))	Investee Participating shareholder of the Company's associate

For the six months ended 30 June 2023

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

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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 transaction particulars	Amount RMB	Amount for the previous period
Yiwu Mental Health Centre	Medical management services	1,451,145.50	1,500,000.00
Chongqing Hechuan Kangning Hospital Co., Ltd	Pharmaceutical sales		55,550.20

2. Leases with related parties

The Company acts as a lessor:

		Rental income recognized in the previous period
Ningbo Free Trade Zone Shenghong Information Technology Co., Ltd. (寧波保稅區晟鴻信息 科技有限公司)	Property lease	73,142.88

For the six months ended 30 June 2023
 (All amounts in RMB Yuan unless otherwise stated)

IX. Related parties and related party transactions (continued)

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3. Related party guarantees

The Company acts as a guarantor:

Guaranteed Party	Guarantee Amount (RMB Yuan)	Guarantee Start Date	Guarantee End Date	Is it still valid?
Yongjia Kangning Hospital Co., Ltd	50,200,000.00	2019/8/26	2029/8/20	No
Qingtian Kangning Hospital Co., Ltd	45,000,000.00	2019/12/31	2024/12/31	No

The Company acts as a guaranteed party:

Guarantor	Guarantee Amount (RMB Yuan)	Guarantee Start Date	Guarantee End Date	Is it still valid?
Guan Weili, Wang Lianyue	27,000,000.00	2020/6/30	2027/6/30	No
Guan Weili, Wang Hongyue, Wang Lianyue	90,000,000.00	2021/11/29	2028/11/29	No
Guan Weili, Wang Hongyue, Wang Lianyue, Xu Yi	218,000,000.00	2020/10/26	2026/10/25	No
Guan Weili, Wang Lianyue, Wang Hongyue	220,000,000.00	2020/9/17	2023/9/17	No
Guan Weili, Wang Lianyue	24,500,000.00	2022/6/1	2025/6/1	No

For the six months ended 30 June 2023

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

() I η k (. . . .)

4. Asset transfer and debt restructuring of related parties

		Amount	Amount for the previous period
		in RMB	
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))	33.7591% equity interest in Jinyun Shuning	15,000,000.00	15,000,000.00
Qu Kaisheng	5% equity interest in Linhai Kangning	500,000.00	-

5. Remuneration of key management

	Amount	Amount for the previous period
in RMB	in RMB	
Remuneration of key management	3,215,037.52	2,965,119.82

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

IX. Related parties and related party transactions (continued)

(1) Receivables

1. Receivables

	Balance as at the end of the previous period
At the end of the reporting period	45,000
At the beginning of the reporting period	45,000

For the six months ended 30 June 2023

IX. Related parties and related party transactions (continued)

(II) Individuals with highest remunerations

For January to June 2023, five individuals with highest remunerations of the Company include zero director (January to June 2022: 1), whose remunerations are reflected in below table:

Item	Amount	Amount for the previous period
Wages and salaries, and bonus	2,090,059	1,604,147.00
Share-based payments		482,726.40
Total	2,090,059	2,086,873.40

Number of individuals	Number of individuals for the previous period
0-500,000	4
500,000-1,000,000.00	1
Total	5

(X). Share-based payment

(I) Equity instruments granted

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

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

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For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

(X). Share-based payment (*continued*)

(I) 股权激励 - 限制性股票 (续)

On April 16, 2021, the eighth meeting of the third session of the Board of the Company reviewed and approved Proposal on the Granting of Restricted Stocks to the Third Phase Incentive Objects under the Restricted Share Incentive Plan, pursuant to which the Board of the Company agreed to take April 16, 2021 as the grant date, and grant the remaining 540,229 incentive stocks to 13 third phase participants who met the conditions for such grant at a grant price of RMB10.47 per share.

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 prices for other equity instruments at the end of the period can refer to the transaction price among shareholders in the current period, based on a lock-up period of 48 months, which expired in July 2022.

(II) 股权激励 - 限制性股票

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

The Company engaged a professional appraisal institution to assess the fair value of the equity instruments at the grant date. The fair value of the equity instruments granted in the current period was assessed by reference to the transaction price among the shareholders of the Company of RMB30 per share.

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

In June 2021, the Board of the Company reviewed and approved Proposal on Further Amendments to the Equity Incentive Plan, which cancelled the performance appraisal requirements of the Equity Incentive Plan. Therefore, only 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 of June 30, 2023, the accumulated amount of equity-settled share-based payment included in the capital surplus was RMB44,857,374.20.

Total amount of equity-settled share-based payment recognized in the current period: RMB0.



For the six months ended 30 June 2023

(X). Share-based payment (continued)

(III) h - n

In June 2021, the Board of the Company reviewed and passed Proposal on Further Amendments to the Equity Incentive Plan, which cancelled the performance appraisal requirements of the equity incentive plan and the Company's repurchase obligation of locked incentive shares.

XI. Commitments and contingencies

1. h n

As at June 30, 2023, the Company had no external investment commitments.

(I) h

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

XII. Events after the balance sheet date

(I) h h h h

None.



For the six months ended 30 June 2023

(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 set a capital that is proportional to the risk. The capital structure is managed and adjusted according to the change of 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 is not subject to external mandatory capital requirements and uses gearing ratio to monitor capital.

As at the balance sheet date, the Company's gearing ratios is as follows:

		Balance as at the end of the previous year
Debt/capital ratio	49.2%	49.73%



For the six months ended 30 June 2023

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

(I) Accounts receivable

1. Accounts receivable disclosed by aging

	30 June 2023	Balance as at the end of the previous year
A i.	h	h
Within 1 year	41,292,202.90	49,024,983.98
1 to 2 years	25,315.13	709,878.26
2 to 3 years	709,702	1,158,221.95
Over 3 years	3,90,521.7	2,748,299.92
Subtotal	4,15,910.1	53,641,384.11
Less: Provision for bad debts	5,203,29	5,361,391.95
Total	40,79,200.7	48,279,992.16

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

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附注

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

XIV. Notes to major items in the financial statements of the parent company
(continued)

(I) 应收账款 (续)

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

Provision for bad debts on individual basis:

科目	2023年6月30日			Provision for bad debts based on expected credit losses for the entire period
	账面余额	坏账准备	计提比例 (%)	
Medical fees due from patients	4,873,715.26	4,873,715.26	100	
Total	4,737,152	4,737,152	/	

Provision for bad debts on grouping basis:

科目	2023年6月30日		
	账面余额	坏账准备	计提比例 (%)
Overdue days grouping	41,292,202.90	412,922.03	1.00
Total	41,292,202.90	412,922.03	/

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

科目	2023年6月30日	
	余额	变动
Balance as at the end of the previous year	P I	

h I I

For the six months ended 30 June 2023

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

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

XIV. Notes to major items in the financial statements of the parent company (continued)

(II) Other receivables (continued)

2. Other receivables (continued)

(2) Disclose by classification method of bad debts

For the six months ended 30 June 2023

XIV. Notes to major items in the financial statements of the parent company (continued)

- (II) Other receivables (continued)
- 2. Other receivables (continued)
- (3) Provision for bad debts

	31 Dec 2022	30 Jun 2023	30 Jun 2022
Other receivables	12,700,000	17,100,000	17,100,000
Provision for bad debts	(1,200,000)	(1,200,000)	(1,200,000)
Net amount	11,500,000	15,900,000	15,900,000

Balance as at the end of 2022: 11,500,000

For the six months ended 30 June 2023
 (All amounts in RMB Yuan unless otherwise stated)

XIV. Notes to major items in the financial statements of the parent company (continued)

(II) Other receivables (continued)

2. Other receivables (continued)

(3) Provision for bad debts (continued)

Changes in the book value of other receivables are as follows:

	12 months ended 30 June 2023		12 months ended 30 June 2022	
	12 months ended 30 June 2023	12 months ended 30 June 2022	12 months ended 30 June 2022	12 months ended 30 June 2021
Balance as at the end of the previous year	547,241,040.24			547,241,040.24
Balance as at the end of the previous year that transferred/reversed in the current period				
- Transfer to stage 2				
- Transferred to stage 3				
- Reversed to stage 2				
- Reversed to stage 1				
Addition for the current period				
Derecognition for the current period	69,412,797.08			69,412,797.08
Other changes				
Balance as at the end of the period	477,828,243.1			477,828,243.1

For the six months ended 30 June 2023

XIV. Notes to major items in the financial statements of the parent company (continued)

(II) Other receivables (continued)

2. Other receivables (continued)

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

	Amount in million EUR		
	Balance as at the end of the previous year	Provision for bad debts	Reversed or recovered
Provision for bad debts on grouping basis	226,481.66	39,249.34	187,232.32
Total	226,481.66	39,249.34	187,232.32

(5) Other receivables by nature

	Amount in million EUR	Book value at the end of the previous year
Amounts from related parties within the scope of consolidation	403,932,135.7	507,207,052.64
Receivables from related parties	4,321,118.55	33,132,118.55
Deposits and Guarantees	5,933,150.00	5,933,350.00
Employee borrowings	15,130,000.00	
Others	3,100,999.02	968,519.05
Total	440,487,403.33	547,241,040.24

资产负债表

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

XIV. Notes to major items in the financial statements of the parent company
(continued)

(III) 长期股权投资

科目	2023年6月30日		Balance as at the end of the previous year		
	千元	人民币元	千元	人民币元	人民币元
Investments in subsidiaries	7,024,492.2	7,024,492.2	649,079,592.72	-	649,079,592.72
Investments in associates	92,357,005.9	92,357,005.9	92,882,992.81	-	92,882,992.81
Total	7,2,32,193.31	7,2,32,193.31	741,962,585.53	-	741,962,585.53

1. Investments in subsidiaries

科目	Balance as at the end of the previous year	2023年6月30日		Balance as at the end of the previous year	
		千元	人民币元	千元	人民币元
Investments in subsidiaries	649,079,592.72	7,024,492.2	7,024,492.2	649,079,592.72	-
Investments in associates	92,882,992.81	92,357,005.9	92,357,005.9	92,882,992.81	-
Total	741,962,585.53	7,2,32,193.31	7,2,32,193.31	741,962,585.53	-

XIV. Notes to major items in the financial statements of the parent company (continued)

(III) Investments in associates

2. Investments in associates

	2023	2022
Balance as at the end of the previous year	1,313,457.77	1,313,457.77
Hangzhou Anken Medical Technology Co., Ltd	405,504.9	14,545,549.3
Wenzhou Longwan Yinying Hospital Co., Ltd	-5,239.09	5,534,091
Zhejiang Huangfeng Hospital Management Co., Ltd	45,899.5	202,047.5
Total	1,313,457.77	1,155,045,000.59

For the six months ended 30 June 2023

For the six months ended 30 June 2023

(All amounts in RMB Yuan unless otherwise stated)

XIV. Notes to major items in the financial statements of the parent company (continued)

(I) Revenues and cost of sales

1. Revenues and cost of sales

Item	Amount for the current period		Amount for the previous period	
	Yuan	Thousands of Yuan	Revenue	Cost
Main businesses	1,457,542.75	130,397.9	183,506,368.69	133,177,435.95
Other businesses	1,29,25.25		2,293,730.40	45,300.00
Total	1,477,838.00	130,397.9	185,800,099.09	133,222,735.95

A breakdown of revenue from main businesses :

Item	Amount for the current period	Amount for the previous period
Pharmaceutical sales	43,231,441.13	44,016,314.26
Treatments and general healthcare services	131,344,009.2	139,490,054.43
Total	1,457,542.75	183,506,368.69

2. Description of performance obligations

The performance obligation of treatments and general healthcare services refers to the provision of diagnosis and healthcare services to outpatients, which is usually completed when diagnosis and healthcare services are provided after the patients have paid the fees.

(II) Investment income

Item	Amount for the current period	Amount for the previous period
Income from long-term equity investments under the cost method		594,000.00
Income from long-term equity investments under the equity method	1,155.55	-1,296,180.45
Investment income from disposal of long-term equity investments	-1,591.72	
Investment income from financial assets held for trading during the holding period		
Investment income from disposal of financial assets held for trading		
Total	77,554.72	-702,180.45

"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
"Company Law"	the Company Law of the People's Republic of China
"CG Code"	the Corporate Governance Code contained in Appendix 14 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
"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)
"Director(s)"	the director(s) of the Company
"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
"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

目錄

“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
“Hangzhou Cining Hospital”	Hangzhou Cining Hospital Co., Ltd. (杭州慈寧醫院有限公司), a company established in the PRC with limited liability on November 18, 2017, one of the Company’s indirect wholly owned subsidiaries
“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”	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
“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
“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. (温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
"Macau"	the Macau Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 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
"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 announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Proposed Interim Dividend"	

1.1.1

"Reporting Period"	the six months ended June 30, 2023
"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
"Wenzhou Ouhai Yining Elderly Hospital"	Wenzhou Ouhai Yining Elderly Hospital Co., Ltd. (溫州甌海怡寧老年醫院有限公司), a company established in China with limited liability on March 8, 2021, one of the non-wholly owned subsidiaries of the Company
"Yining Psychology Internet Hospital"	Yining Psychology Internet Hospital (Wenzhou) Co., Ltd. (怡寧心理互聯網醫院(溫州) 蘇興橙醫藥)

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"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' wholly owned subsidiaries
"%"	percentage ratio

温州康宁医院股份有限公司
Wenzhou Kangning Hospital Co., Ltd.