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2 FINANCIAL HIGHLIGHTS

2.1 Principal Financial Data and Indicators

	For the six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	777,925	738,305
Profit before income tax	60,207	63,331
Income tax expenses	11,478	19,110
Net profit	48,729	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	As at
	June 30,	December 31,
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Total assets	2,744,233	2,637,787
Total liabilities	1,361,683	1,311,885
Total equity	1,382,550	1,325,903
Equity attributable to shareholders of the Company	1,242,978	1,201,585
Non-controlling interests	139,572	124,318

3 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 Guanlan 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 Ouhai 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

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 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, 2023, it was 25.1%).

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.

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

	For the six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Inpatients		
Inpatient bed as at period end	10,578	9,558
Effective inpatient service bed-day capacity	1,914,618	1,729,998
Utilization rate (%)	84.0	87.0
Number of inpatient bed-days	1,607,422	1,505,499
Treatment and general healthcare services revenue attributable to inpatients (RMB'000)	553,572	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)	84,197	74,837
Average inpatient spending per bed-day on pharmaceutical sales (RMB)	52	50
Total inpatient revenue (RMB'000)	637,769	588,610
Total average inpatient spending per bed-day (RMB)	397	391
Outpatients		
Number of outpatient visits	250,648	225,032
Treatment and general healthcare services revenue attributable to outpatients (RMB'000)	33,647	28,271
Average outpatient spending per visit on treatment and general healthcare services (RMB)	134	126
Pharmaceutical sales revenue attributable to outpatients (RMB'000)	72,781	72,748
Average outpatient spending per visit on pharmaceutical sales (RMB)	291	323
Total outpatient revenue (RMB'000)	106,428	101,019

	For the six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Total average outpatient spending per visit (<i>RMB</i>)	<u>425</u>	<u>449</u>

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:

	For the six months ended June 30,	
	2023	2022
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Pharmaceuticals and consumables used	188,867	173,660
Employee benefits and expenses	208,780	179,347
Depreciation of right-of-use assets	17,993	19,839
Depreciation and amortization	49,033	50,657
Canteen expenses	32,373	28,668
Testing fees	10,630	11,798
Others	39,816	38,088
Cost of revenue of owned hospitals	547,492	502,057

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).

4.1.2 Gross Profit and Gross Profit Margin

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:

	For the six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Treatment and general healthcare services	29.9%	31.7%
Pharmaceutical sales	6.6%	7.8%
Owned hospitals businesses	24.9%	26.5%
Other businesses	41.3%	30.3%
Consolidated gross profit margin	25.9%	26.8%

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.

4.1.3 Tax and Surcharge

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).

4.1.4 Selling Expenses

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%).

4.1.5 Administrative Expenses

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

	For the six months ended June 30,	
	2023	2022
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Employee benefits and expenses	55,922	52,917
Depreciation and amortization	13,474	11,246
Consultancy expenses	14,377	12,309
Travelling expenses	2,071	1,724
Others	16,080	16,698
Total administrative expenses	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%).

4.1.6 Research and Development Expenses

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

For the six months ended June 30,	
2023	2022
(RMB'000)	(RMB'000)

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.

4.1.8 Investment loss

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:

	For the six months ended June 30,	
	2023	2022
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Share of losses of investments accounted for using the equity method	-158	-1,672
Gains arising from disposal of long-term equity investment	-38	1,393
	<u>-196</u>	<u>-279</u>

During the Reporting Period, our investment loss amounted to RMB0.2 million. Among

4.1.10 Non-Operating Income and Non-Operating Expenses

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

	For the six months ended June 30,	
	2023	2022
	(RMB'000)	(RMB'000)
	(Unaudited)	(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	518	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.

4.1.11 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.

4.2 Financial Position

4.2.1 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.

4.2.2 Accounts Receivables

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).

4.2.3 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).

4.2.4 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).

4.2.5 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.

4.2.6 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.

4.2.7 Accounts Payables

As of June 30, 2023, accounts payables increased to RMB88.1 million (as of December 31, 2022: RMB85.8 million).

4.2.8 Receipts in Advance and Contract Liabilities

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

4.4 Indebtedness

4.4.1 Bank Borrowings

As of June 30, 2023, the balance of bank borrowings of the Group amounted to RMB757.9 million (as of December 31, 2022: RMB616.5 million), primarily attributable to repayment of borrowings of RMB109.6 million and an increase in borrowings of RMB251.0 million during the Reporting Period.

4.4.2 Contingent Liability

As of June 30, 2023, the Group had no contingent liability or guarantees that would have a material impact on the financial position or operation of the Group.

4.4.3 Asset Pledge

During the Reporting period, the Group's Wenzhou Kangning Hospital pledged property ownership certificates, namely Wenfang Quanzheng Lucheng District No. 826751, Wenfang Quanzheng Lucheng District No. 826750, Zhe (2016) Wenzhou Real Estate Rights No. 0010144, Zhe (2016) Wenzhou Real Estate Rights No. 0010142, and Zhe (2021) Wenzhou Real Estate Rights No. 0081628, to China CITIC Bank Wenzhou Ouhai Sub-branch for obtaining a bank loan. As of June 30, 2023, the balance of such pledged loan was RMB261.0 million.

4.4.4 Lease Liabilities

The lease liabilities of the Group primarily consist of operating lease arrangements. As of June 30, 2023, the present values of unsettled lease payments under non-cancellable lease agreements, after deducting an amount of RMB25.0 million which is due within one year, were RMB150.2 million.

4.4.5 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.

4.4.6 Exposure to Fluctuation in Exchange Rates

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

4.4.7 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.

4.4.8 Employees and Remuneration Policy

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.

4.4.9 Equity Incentive Scheme

In order to fully mobilize the enthusiasm of senior management and core technical personnel of the Group, the Company drafted the Equity Incentive Scheme for the Year 2018 of Wenzhou Kangning Hospital Co., Ltd. (《温州康宁医院股份有限公司2018年股权激励计划》, the **Equity Incentive Scheme**), which was considered and approved and adopted at the annual general meeting of the Company for the year 2017 which has been convened on June 13, 2018. In order to meet the requirements regarding capital certainty when the Company applies for the listing of A Shares in the future, and on the proposal and other amendments to the (Equity Incentive Scheme) Tj00752 Tj0.869'sobsliration(to)Tj0.869 othewiaspeclifer,d ca

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%.

9 COMPLIANCE WITH CG CODE

Save as disclosed below, during the Reporting Period and up to the date of this announcement, the Company has complied with all code provisions in the CG Code.

From March 10, 2023, Mr. ZHAO Xudong (**Mr. Zhao**) has no longer served as an independent non-executive Director and ceased to act as the chairman of the remuneration committee of the Board, and a member of the nomination committee of the Board 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

10 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 new Companies Ordinance (《公司條例》) (Chapter 622 of the laws of Hong Kong) (the **Companies Ordinance**).

11 FINANCIAL REPORT

11.1 Accounting Policies

11.1.1 Accounting Policies

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises – Basic Standard (《企業會計準則 - 基本準則》) and specific accounting standards and relevant rules issued by the Ministry of Finance of the PRC (the **Ministry of Finance**) on February 15, 2006.

The financial statements are prepared and has disclosed relevant financial information in accordance with the requirements of the Accounting Standard for Business Enterprises No.32 – Interim Financial Report (《企業會計準則第 32 號 - 中期財務報告》) 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 Companies Ordinance has commenced operation in 2016. Some notes in the financial statements have been reflected the new requirements of the Companies Ordinance.

11.2 Interim Financial Statement

The Interim Financial Statement of the Group prepared in accordance with the China Accounting Standard for Business Enterprises is set out as follows:

11.2.1 Interim Consolidated Income Statement

(All amounts in RMB unless otherwise stated)

Items	For the six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
I. Total revenue	777,925,164	738,304,534
Including: Revenue	777,925,164	738,304,534
Interest income	—	—
Premium income	—	—
Fees and commissions income	—	—

Items	For the six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
II. Total cost of sales	724,044,724	680,267,108
Including: Cost of sales	576,390,596	540,536,168
Interest expenses	—	—
Fees and commissions expenses	—	—
Surrenders	—	—
Net claims expenses	—	—
Net provisions for insurance contracts reserve	—	—
Insurance policy dividend paid	—	—
Reinsurance costs	—	—
Taxes and surcharges	2,783,861	2,011,207
Selling and distribution expenses	7,828,610	6,115,885
General and administrative expenses	101,924,027	94,894,219
Research and development expenses	14,957,996	15,061,500
Financial expenses	20,159,634	21,648,129
Including: Interest expenses	19,182,137	22,800,335
Interest income	2,704,831	1,699,140
Add: Other income	5,822,495	5,904,642
Investment income (losses represented with — signs)	-195,726	-278,820
Including: Investment income from associates and joint ventures	-157,522	-1,671,781
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)	—	30,712
Credit impairment losses (losses represented with — signs)	-3,009,927	-2,731,680
Asset impairment losses (losses represented with — signs)	—	—
Gains from disposal of assets (losses represented with — signs)	—	389,316

Items	For the six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
III. Operating profit (losses represented with “-” signs)	56,497,282	61,351,596
Add: Non-operating income	5,924,961	5,351,732
Less: Non-operating expenses	2,215,131	3,372,510
IV. Total profit (total losses represented with “-” signs)	60,207,112	63,330,818
Less: Income tax expenses	11,477,880	19,110,080
V. Net profit (net losses represented with “-” signs)	48,729,232	44,220,738
(I) Classified by continuity of operations		
1. Net profit from continuing operations (net losses represented with “-” signs)	48,729,232	44,220,738
2. Net profit from discontinued operations (net losses represented with “-” signs)	—	—
(II) Classified by ownership of the equity		
1. Net profit attributable to shareholders of the parent company (net losses represented with “-” signs)	43,750,057	38,788,156
2. Profit or loss attributable to non-controlling interests (net losses represented with “-” signs)	4,979,175	5,432,582
VI. Other comprehensive income, net of tax		
Other comprehensive income attributable to shareholders of the parent company, net of tax		
(I) Other comprehensive income that cannot be reclassified to profit and loss		
1. Changes arising from remeasurement of defined benefit plan	—	—
2. Other comprehensive income 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	—	—

Items	For the six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
(II) Other comprehensive income that can be reclassified to profit and loss		
1. Other comprehensive income that can be reclassified to profit or loss under the equity method	—	—
2. Changes in fair value of other debt investments	—	—
3. Amount of financial assets reclassified into other comprehensive income	—	—
4. Credit impairment provisions for other debt investments	—	—
5. Reserves for cash flow hedges	—	—
6. Exchange difference on translation of financial statements in foreign currencies	—	—
7. Others	—	—
Other comprehensive income attributable to non-controlling interests, net of tax	—	—
VII. Total comprehensive income	48,729,232	44,220,738
Attributable to shareholders of the parent company	43,750,057	38,788,156
Attributable to non-controlling interests	4,979,175	5,432,582
VIII. Earnings per share:		
(I) Basic (RMB per share)	0.59	0.52
(II) Diluted (RMB per share)	0.59	0.52

11.2.2 Interim Consolidated Balance Sheets

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Current assets:		
Cash at bank and on hand	274,955,935	271,094,963
Settlement deposits	—	—
Placements with banks and other financial institutions	—	—
Financial assets held for trading	10,641,026	10,641,026
Derivative financial assets	—	—
Notes receivable	1,189,300	—
Accounts receivable	400,828,302	382,836,691
Receivables financing	—	—
Advances to suppliers	20,409,523	32,201,224
Premium receivable	—	—
Reinsurance accounts receivable	—	—
Provision for reinsurance contract receivable	—	—
Other receivables	76,961,685	37,195,220
Financial assets purchased for resale	—	—
Inventories	54,773,611	58,331,397
Contract assets	—	—
Assets held for sale	—	—
Current portion of non-current assets	—	—
Other current assets	924,988	752,325
Total current assets	840,684,370	793,052,846

ASSETS	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Non-current assets:		
Granted loans and advances	—	—
Debt investments	—	—
Other debt investments	—	—
Long-term accounts receivable	14,000,000	14,000,000
Long-term equity investments	145,369,243	143,546,246
Investment in other equity instruments	—	—
Other non-current financial assets	63,116,852	63,116,852
Investment properties	—	—
Fixed assets	682,239,468	695,020,441
Construction in progress	221,901,010	152,497,400
Productive biological assets	—	—
Oil and gas assets	—	—
Right-of-use assets	169,025,623	190,403,752
Intangible assets	292,999,339	254,684,348
Development expenditure	—	—
Goodwill	108,087,643	107,655,738
Long-term prepaid expenses	173,956,779	189,586,339
Deferred tax assets	29,996,703	20,682,398
Other non-current assets	2,855,658	13,541,047
Total non-current assets	<u>1,903,548,318</u>	<u>1,844,734,561</u>
TOTAL ASSETS	<u>2,744,232,688</u>	<u>2,637,787,407</u>

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Current liabilities:		
Short-term borrowings	271,000,000	203,000,000
Borrowings from central bank	—	.
Placements from banks and other financial institutions	—	.
Financial liabilities held for trading	13,922,929	13,922,929
Derivative financial liabilities	—	.
Notes payable	174,060	997,944
Accounts payable	88,071,694	85,773,062
Receipts in advance	37,899,303	29,894,837
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	62,308,900	70,588,350
Taxes payable	28,695,581	33,507,164
Other payables	87,317,079	72,193,730
Fees and commissions payable	—	.
Reinsurance accounts payable	—	.
Liabilities held for sale	—	.
Current portion of non-current liabilities	188,642,499	147,598,324
Other current liabilities	—	.
Total current liabilities	<u>778,032,045</u>	<u>657,446,340</u>

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Non-current liabilities:		
Provision for insurance contracts	—	—
Long-term borrowings	352,830,000	391,010,000
Bonds payable	—	—
Including: Preferred shares	—	—
Perpetual bonds	—	—
Lease liabilities	150,199,672	171,437,740
Long-term payables	30,766,052	42,404,938
Long-term employee benefits payables	—	—
Deferred income	—	—
Provisions	8,885,995	9,037,891
Deferred tax liabilities	40,969,217	40,547,879
Other non-current liabilities	—	—
Total non-current liabilities	583,650,936	654,438,448
Total liabilities	1,361,682,981	1,311,884,788
Shareholders' equity:		
Share capital	74,600,300	74,600,300
Other equity instruments	—	—
Including: Preferred shares	—	—
Perpetual bonds	—	—
Capital surplus	852,721,307	855,078,533
Less: Treasury stock	—	—
Other comprehensive income	—	—
Special reserves	—	—
Surplus reserve	38,399,577	38,399,577
Provision for general risks	—	—
Retained earnings	277,256,592	233,506,534
Total equity attributable to shareholders of the parent company	1,242,977,776	1,201,584,945
Non-controlling interests	139,571,931	124,317,674
Total shareholders' equity	1,382,549,707	1,325,902,619
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,744,232,688	2,637,787,407

11.2.3 Interim Consolidated Statements of Cash Flow
(All amounts in RMB Yuan unless otherwise stated)

Items	For the six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	780,086,767	653,410,155
Net increase in customer deposits and interbank deposits	—	—
Net increase in borrowings from central bank	—	—
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 policy holders	—	—
Cash received from interests, 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	169,903,997	57,537,283
Sub-total of cash inflows of operating activities	949,990,763	710,947,438
Cash paid for goods and services	279,096,560	305,934,085
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 interests, fees and commissions	—	—
Cash paid for policy holders' dividends	—	—
Cash paid to and on behalf of employees	300,131,942	267,178,624
Payments of taxes and surcharges	37,824,192	28,189,889
Cash paid relating to other operating activities	219,346,731	53,670,365
Sub-total of cash outflows of operating activities	836,399,425	654,972,963
Net cash flows from operating activities	113,591,338	55,974,475

Items	For the six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
II. Cash flows from investing activities		
Cash received from disposal of investments	8,249,458	.
Cash received from returns on investments	–	.
Net cash received from disposal of fi ed assets, intangible assets and other long-term assets	26,383	19,038,110
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	8,275,841	19,038,110
Cash paid to acquire fi ed assets, intangible assets and other long-term assets	107,843,620	121,119,528
Cash paid to acquire investments	3,898n900	.
Net increase in pledged loans	–	.
Net cash paid to acquire subsidiaries and other business units	15,187,013	62,372,717
Cash paid relating to other investing activities	500,060	.
Sub-total of cash outflows of investing activities	127,397,593	183,492,245
Net cash flows from investing activities	-119,121,752	-164,454,135
III. Cash flows from financing activities		
Cash received from capital contributions	2,845,000	4,040,100
Including: Cash received from capital contributions by non-controlling shareholders of subsidiaries	2,845,000	4,040,100
Cash received from borrowings	251,050,000	317,500,000
Cash received relating to other financing activities	–	2,551,764
Sub-total of cash inflows of financing activities	253,895,000	324,091,894
Cash repa y ments of borrowings	109,630,000	87,320,000
Cash pa y ments for distribution of dividends, profit or interest e penses	21,324,300	17,290,881
Including: Cash pa y ments for distribution of dividends and profit by subsidiaries to non- controlling shareholders	–	.
Cash paid relating to other financing activities	113,150,442	24,599n909
Sub-total of cash outflows of financing activities	244,104,742	129,210,790
Net cash flows from financing activities	9,790,258	194,881,074

Items	For the six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>13,070</u>	<u>44,312</u>
V. Net increase in cash and cash equivalents	4,272,914	86,445,726
Add: Cash and cash equivalents at the beginning of the period	<u>258,595,991</u>	<u>188,734,845</u>
VI. Cash and cash equivalents at the end of	6209.2126	555.986iV72555.986iV72555.97T(Efr

11.2.4 Consolidated Statement of Changes in Shareholders' Equity
(All amounts in RMB Yuan unless otherwise stated)

Items	Amount for the current period													
	Other equity instruments				Equity attributable to owners of the parent company									
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Subtotal	Non-controlling interests	Total owners' equity
I. Balance as at the end of the previous year	74,600,300				855,078,533	-			38,399,577		233,506,534	1,201,584,944	124,317,674	1,325,902,618
Plus: Changes in accounting policies												-		-
Correction of accounting errors in previous periods												-		-
Business combinations under common control												-		-
Others														
II. Balance as at the beginning of the current year	74,600,300	-	-	-	855,078,533	-	-	-	38,399,577	-	233,506,534	1,201,584,944	124,317,674	1,325,902,618
III. Increases/decreases in the current period														
(- for decreases)	-				-2,357,226	-	-	-	-	-	43,750,058	41,392,832	15,254,257	56,647,089
(I) Total comprehensive income											43,750,058	43,750,058	4,979,175	48,729,233
(II) Owner contribution and capital decrease	-	-	-	-	-2,357,226	-	-	-	-	-	-	-2,357,226	11,920,263	9,563,037
1. Common stock contributed by owners					-2,357,226							-	11,920,263	11,920,263
2. Capital invested by holders of other equity instruments												-		-
3. Amounts of share-based payments recognized in owners' equity												-		-
4. Others												-		-

Items	Amount for the current period														
	Equity attributable to owners of the parent company														
	Other equity instruments											Retained earnings	Subtotal	Non-controlling interests	Total owners' equity
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Treasury stock	Less: comprehensive income	Other income	Special reserve	Surplus reserve	Provision for general risk				
(III) Distribution of profits															

Items	Amount for the current period													
	Equity attributable to owners of the parent company													
	Other equity instruments													
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Subtotal	Non-controlling interests	Total owners' equity
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal for the period												-		-
2. Usage for the period												-		-
(VI) Others												-		-
IV. Balance as at the end of the period	74,600,300				852,721,307	-	-	-	38,399,577	-	277,256,592	1,242,977,776	139,571,931	1,382,549,707

Items	Amount for the previous period Equity attributable to owners of the parent company													
	Other equity instruments				Capital reserve	Less:		Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Subtotal	Non-controlling interests	Total owners' equity
	Share capital	Preferred shares	Perpetual bonds	Others		Treasury stock	Other comprehensive income							
I. Balance as at the end of the previous year	74,600,300				838,165,396				38,399,577		247,907,761	1,199,073,034	72,015,224	1,271,088,258
Plus: Changes in accounting policies														
Correction of accounting errors in previous periods														
Business combinations under common control														
Others											2,926,794	2,926,794		2,926,794
II. Balance as at the beginning of the current year	74,600,300				838,165,396				38,399,577		250,834,555	1,201,999,828	72,015,224	1,274,015,052
III. Increases/decreases in the current period () – for decreases)					9,007,122						38,788,156	47,795,278	32,494,879	80,290,157
(I) Total comprehensive income											38,788,156	38,788,156	5,432,582	44,220,738
(II) Owner contribution and capital decrease					9,007,122							9,007,122	27,062,297	36,069,419
1. Common stock contributed by owners													27,062,297	27,062,297
2. Capital invested by holders of other equity instruments														
3. Amounts of share-based payments recognized in owners' equity					9,007,122							9,007,122		9,007,122
4. Others														
(III) Distribution of profits														
1. Withdrawal of surplus reserves														
2. Withdrawal of provision for general risk														

Items	Amount for the previous period													
	Equity attributable to owners of the parent company													
	Other equity instruments				Capital reserve	Less:		Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Subtotal	Non-controlling interests	Total owners' equity
	Share capital	Preferred shares	Perpetual bonds	Others		Treasury stock	Other comprehensive income							
3. Profit distributed to owners (or shareholders)														
4. Others														
(IV) Internal carry-forward of owners' equity														
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														
3. Surplus reserves offsetting losses														
4. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive income for retained earnings														
6. Others														
(V) Special reserves														
1. Withdrawal for the period														
2. Usage for the period														
(VI) Others														
IV. Balance as at the end of the period	74,600,300				847,172,518				38,399,577		289,622,711	1,249,795,106	104,510,103	1,354,305,209

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

11.3.1 Accounts receivable

The aging analysis of accounts receivables based on the billing date is as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Within 1 year	409,954,541	388,961,193
1 - 2 years	6,077,079	4,755,920
2 - 3 years	3,855,479	3,941,367
3 - 4 years	3,158,222	3,248,300
4 - 5 years	2,748,300	1,932,594
Above 5 years	1,932,594	
Subtotal	427,726,215	402,839,374
Less: Provision for bad debts	26,897,913	20,002,683
Total	400,828,302	382,836,691

Accounts receivable shown by classification of bad debt provisions

	June 30, 2023 (Unaudited)		Book value
	Balance of carrying amount	Provision for bad debts	
	Amount	Proportion (%)	Percent of provision (%)
Accounts receivable with provision for bad	26,806,320	63.2	100
Accounts receivable without provision for bad	394,920,000	36.8	0
Total	427,726,215	100	100

	December 31, 2022 (Audited)				
	Balance of carrying amount		Provision for bad debts		
	Amount	Proportion (%)	Amount	Percent of provision (%)	Book value
Accounts receivable with provision for bad debts on the individual basis	18,221,976	4.52	12,514,143	68.68	5,707,833
Including:					
Amount due from patients	18,221,976	4.52	12,514,143	68.68	5,707,833
Accounts receivable with provision for bad debts on the grouping basis	384,617,398	95.48	7,488,540	1.95	377,128,858
Including:					
Overdue debts grouping	384,617,398	95.48	7,488,540	1.95	377,128,858

11.3.4 Earning per Share

Basic earning per Share

	For the six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Consolidated net profit attributable to the ordinary Shareholders of the parent company	43,750,057	38,788,156
Weighted average number of outstanding ordinary Shares of the Company	74,600,300	74,600,300
Basic earning per Share	0.59	0.52
Including: Basic earning per Share from continuing operations	0.59	0.52
Basic earning per Share from discontinued operations	—	—

Diluted earning per Share

Diluted earning 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):

	For the six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Consolidated net profit attributable to the ordinary Shareholders of the parent company (diluted)	43,750,057	38,788,156
Weighted average number of outstanding ordinary Shares of the Company (diluted)	74,600,300	74,600,300
Diluted earning per Share	0.59	0.52
Including: Diluted earning per Share from continuing operations	0.59	0.52
Diluted earning per Share from discontinued operations	—	—

11.3.5 Income tax expenses

Table of income tax expenses

	For the six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Current income tax expenses	23,358,207	23,230,774
Deferred income tax expenses	-11,880,327	-4,120,694
Total	11,477,880	19,110,080

Reconciliation between total profit and income tax expenses

	For the six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Total profit	60,207,112	63,330,818
Income tax expenses calculated at the statutory tax rates	16,067,002	15,822,004
Impact of different tax rates applicable to Subsidiaries	212,272	-
Adjustment to impact of income tax of past periods	-1,472,686	80,526
Impact of non-taxable income	-768,780	336,095
Impact of non-deductible costs, expenses and losses	645,142	898,701
Impact of deductible losses of the deferred income tax assets unrecognized in the previous period	-1,107,566	-1,031,422
Impact of deductible temporary differences or deductible losses for which deferred income tax assets are not recognized in the current period	-241,776	4,497,290
Additional deduction of research and development expenses	-611,076	-1,446,861
Impact of business combination involving enterprise not under common control	-	-
Others	-1,244,652	-46,253
Income tax expenses	11,477,880	19,110,080

11.3.6 Dividends

On July 31, 2023, the Board proposed an interim dividend of RMB7,460,030 (tax-inclusive) for the six months ended June 30, 2023 which is calculated based on 74,600,300 issued Shares of the Company as at June 30, 2023. The proposed dividend is subject to the approval by the Shareholders at the Shareholders' general meeting.

On April 14, 2023, the Board did not recommend the payment of a final dividend for the year ended December 31, 2022. The proposal not to declare dividend was approved by the Shareholders at the annual general meeting for the year 2022 of the Company on June 9, 2023.

On October 26, 2022, the Board did not recommend the payment of a final dividend for the year ended December 31, 2021. The proposal not to declare dividend was approved by the Shareholders at the annual general meeting for the year 2021 of the Company on December 16, 2022.

12 DEFINITIONS

Audit Committee— the audit committee of the Board

Beijing Yining Hospital— Beijing Yining Hospital Co., Ltd. (北京怡寧醫院有限公司), /C(-2.2

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
Guanlian Yining Hospital–	Guanlian 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 Stock Exchange of Hong Kong Limited
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. (荷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

Shenzhen Yining Hospital–	Shenzhen Yining Hospital (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
subsidiary – or – subsidiaries–	has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
the Reporting Period–	the six months ended June 30, 2023
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 the PRC with limited liability on March 8, 2021, one of the Company's direct non-wholly owned subsidiaries
Yining Psychology Internet Hospital–	Yining Psychology Internet Hospital (Wenzhou) Co., Ltd. (怡寧心理互聯網醫院(溫州)有限公司), a company established in the PRC with limited liability on March 10, 2020, one of the Company's indirect wholly -owned subsidiaries
Yongjia Kangning Hospital–	Yongjia Kangning Hospital Co., Ltd. (永嘉康寧醫院有限公司), a company established in the PRC with limited liability on December 12, 2012, one of the Company's wholly -owned subsidiaries
Yueqing Kangning Hospital–	Yueqing Kangning Hospital Co., Ltd. (樂清康寧醫院有限公司), a company established in the PRC with limited liability on September 3, 2013, one of the Company's wholly -owned subsidiaries

Yueqing Yining Hospital—

Yueqing Yining Chinese & Western Medicine Hospital Limited (樂清怡寧中西醫結合醫院有限公司), a company established in the PRC with limited liability on August 4, 2006, one of the Company's direct wholly-owned subsidiaries, previously known as Yueqing Bang-er Chinese & Western Medicine Hospital Limited (樂清邦爾中西醫結合醫院有限公司)

%—

percentage ratio

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

Zhejiang, the PRC
July 31, 2023

As at the date of this announcement, the Company's executive Directors are Mr. GUAN Weili, Ms. WANG Lianye and Mr. WANG Jian; the non-executive Directors are Mr. QIN Hao and Mr. LI Changhao; and the independent non-executive Directors are Ms. ZHONG Wentang, Ms. JIN Ling and Mr. CHAN Sai Keung Hugo.