

of c a e f H K L ed a e e b
a acc ac c e e e a d e e
f e a ce e e a a f

院股份有限公司

Wenzhou Ka

A joint sto

2 FINANCIAL HIGHLIGHTS

2.1 Principal Financial Data and Indicators

	For the six months ended June 30	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	828,957	777,925
Profit before income tax	61,513	60,207
Income tax expense	16,516	11,478
Net profit	44,996	48,729
Net profit attributable to equity holders of the Company	50,724	43,750
Profit attributable to equity holders of the Company - non-controlling interests	-5,727	4,979
Net cash generated from operating activities	116,536	113,591
	As at	As at
	June 30,	December 31,
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Total assets	3,008,352	3,047,687
Total liabilities	1,581,890	1,639,481
Total equity	1,426,462	1,408,206
Equity attributable to equity holders of the Company	1,290,906	1,265,065
Non-controlling interests	135,555	143,141

3 BUSINESS REVIEW AND OUTLOOK

I ef af f 2024, e e a e e e a ed e e e a d c e , ba ec c
 ed d , a d fac c a ef e e e a f e ce a -zed
 a ace ca c e e , e c cea e e c f ed ca
 a ce e e e a d e cea, e e f e ed ca d ed
 e c a e e e G , de e e . Mea e, e ad a ec e f
 d e c ac -ec e - a de c e a, e e a de e e f C a'
 ed ca d a e ed a , a d a e a a e a a ec e
 e d. T e ca effec af e e a de c a d e a a f e
 a c e a e ed e e e a b c ace ea e e a e a f
 fe a d ea afe. I a c a , e de a d f d e fed ed ca e ce f
 f -c e a d f -c e a a e e f e a ea a d e de ca e, a d e e
 a e e a a eced a d a abe e e G , f e
 de e e . Fac e a e e e b c a e e a d e , e
 a e e f a e c e e ad a a e fe a a d de e e ,
 c ed ed ca ec a d e ce a , a d ed e a abe,
 abe a d - a de e e f e G .

In effect as of 2024, the Group's exchangeable convertible preferred shares, Series D (the "Series D Shares"), are convertible into ordinary shares of the Company at a conversion price of RMB829.00 per share, which is equivalent to approximately 6.6% of the Company's closing stock price of RMB124.25 per share as of December 31, 2023. The Series D Shares are convertible into ordinary shares of the Company at a conversion price of RMB765.60 per share, which is equivalent to approximately 5.1% of the Company's closing stock price of RMB150.12 per share as of December 31, 2023. The Series D Shares are convertible into ordinary shares of the Company at a conversion price of RMB50.70 per share, which is equivalent to approximately 15.9% of the Company's closing stock price of RMB318.87 per share as of December 31, 2023. The Series D Shares are convertible into ordinary shares of the Company at a conversion price of RMB32.00 per share, which is equivalent to approximately 3.2% of the Company's closing stock price of RMB1,000.00 per share as of December 31, 2023. The Series D Shares are convertible into ordinary shares of the Company at a conversion price of RMB11,648.00 per share, which is equivalent to approximately 11.6% of the Company's closing stock price of RMB100,000.00 per share as of December 31, 2023. (December 31, 2023: 11,268).

Psychiatric Healthcare Business

T e G a a a bee f c a f e c e e a d
d e f e d d e a d f c a c e a f e a e , c a e e e f e d
a a e e d e f e G , a d e d c a a a d e c e e . T e
G e a d e d a d e e e d e c a c e c a z e d b e b e a f e
a d f f e e a a d d e d c a e d b e f e a a d a f c a c e a .

D e Re Pe d, e e a a e a d a e e e e f e G ,
a e a c a We z Ka H a , Ca a Ka H a ,
Y e Ka H a a d Q a Ka H a e ead y . I a c a ,
e be f a e f Y a Ka H a a d J y S H a
c ea ed c y afe be e ca ed e , d y ea - y ea e e e
c ea ef ea y ca eb e . T e G f e dee e ed e y de f
e a ed a , a d e de e e f e a f y ed a e
Ta z a d Ha e a ea ey ab e . I add , e de e e f e G ,
ed a de Z e a P ce ad bee d, e e f ed
a c a H a a Ka H a , C a c Ka P c ca H a
a d Na Y H a a fca ae a d e f ab c
e e e b e f e ef ed a a e e ea e f e G .
W ec e ace e f ea c c , e ea ef ace f
a , a ey Heze Y H a a d Ga a Y H a , ee ada y .
ed, c c ed c dae e G , b e f da e a e
H e e , de e ac f e e e dffe e ce f ca ed ca ace a e , e
ef ace f P a Ka H a , Q z Y H a , We S e
H a , C 'a Ka H a a d P a Y H a a e a e e ced
a d e G a ac ey ad ed e a ae e ; ea e , Be Y
H a a d S e z e Y H a c ed acc a ed e de fac c a
ea ey c , e G ad a c e e e
add e e e , b a e e ad .

Elderly Healthcare Business

Acc d e de e e a e y a f a f a f e c a -ed c a
c e, e G a c y c e a ed e e e e de y ea ca e ec
ce 2016. Le e a e ad a a e f c ec -a a a e e y a d a e a c
de a d e e a e c e, e G c ed d c e e e a d
- e e ea e ce f e e de y a d e e de y a e d ab y, de e a,
a d c c d ea e, e c. O Ja a y 15, 2024, e S a e C c a ed y e O
f e Ge e a Off ce f e S a e C c De e e S e Ec y a d I
e We -be f e E de y (G ba fa [2024] N . 1) (《辦公廳關於發展銀髮經濟增進
老年人福祉的意見》(國辦發[2024]1號)), 26 ea e ac f a ec . A
e f ec a -ed d c e ed b y e c y e de e e f e
e ec y, e d c e a e a e e y ec y e c ec e f a e e
f ec c ac e c a d d c e ce e e de y a d e a
f e d a e, e a y de a e f a ea a d fea e a d a c a, d e e

4.1 Financial Review

4.1.1 Revenue and Cost of Revenue

T e a b e b e ♡ e f a b e a d ♡ f a e e e f e e d d c a e d:

$$Re\ e\ e\ a\ d\ c\ \quad f\ e\ e\ e\ f\ \quad e\ a\ \quad \cancel{f}\ ed\ \quad a$$

Re e e f e a e d a c f fee (**Billing Revenue**)
c a e d f a e a d a e e ce a e G ' a a ,
e c ca be d ded ea e a d e e a ea ca e e ce a d a ace ca
a e , a e a a ab e c de a f ed ca e ce ded b e G ,
c d ed ca a ce e e e d ffe e ce a d e e a ed y ec e ab e
c a e f ffe ed ca e ce b e G e e e y de ed c y
e be , -e d a e a e y e ed d e e y a d e e y
ec a d ff c e a ed b e e e' e e a ab e e c y e e
a e e a c e . T e e a af e ded c e a ab e c de a
ec ded a e a e e e f e G .

The above is a summary of the information provided by the Group, which is not intended to be a substitute for the financial statements of the Group.

For the six months ended June 30

	2024 (RMB'000) (Unaudited)	2023 (RMB'000) (Audited)
Billing Revenue from owned hospitals	784,892	744,197
Less: Variable consideration	19,256	15,505
Revenue from owned hospitals	765,636	728,692

For the six months ended June 30, 2024, the Group's Billing Revenue from owned hospitals was RMB784.9 million, an increase of 5.5% compared with RMB744.2 million for the same period in 2023. The increase was mainly due to the increase in the number of hospitals and the increase in the average length of stay. The Group's Billing Revenue from owned hospitals was RMB765.6 million after deducting variable consideration of RMB19.3 million for the six months ended June 30, 2024, an increase of 3.8% compared with RMB728.7 million for the same period in 2023. The increase was mainly due to the increase in the number of hospitals and the increase in the average length of stay. The Group's Billing Revenue from owned hospitals was RMB765.6 million after deducting variable consideration of RMB19.3 million for the six months ended June 30, 2024, an increase of 3.8% compared with RMB728.7 million for the same period in 2023. The increase was mainly due to the increase in the number of hospitals and the increase in the average length of stay.

The above is a summary of the information provided by the Group, which is not intended to be a substitute for the financial statements of the Group.

For the six months ended June 30

	2024 (RMB'000) (Unaudited)	2023 (RMB'000) (Audited)
Billing Revenue from owned hospitals	784,892	744,197
Cost of services	555,218	547,492
Gross profit	229,674	196,705

For the six months ended June 30, 2024, the Group's Billing Revenue from owned hospitals was RMB784.9 million, an increase of 5.5% compared with RMB744.2 million for the same period in 2023. The increase was mainly due to the increase in the number of hospitals and the increase in the average length of stay. The Group's Billing Revenue from owned hospitals was RMB765.6 million after deducting variable consideration of RMB19.3 million for the six months ended June 30, 2024, an increase of 3.8% compared with RMB728.7 million for the same period in 2023. The increase was mainly due to the increase in the number of hospitals and the increase in the average length of stay. The Group's Billing Revenue from owned hospitals was RMB765.6 million after deducting variable consideration of RMB19.3 million for the six months ended June 30, 2024, an increase of 3.8% compared with RMB728.7 million for the same period in 2023. The increase was mainly due to the increase in the number of hospitals and the increase in the average length of stay.

The above table is a summary of the financial performance of the Group for the period ended June 30, 2024, and is subject to audit by the independent auditor.

	For the six months ended June 30	
	2024 (Unaudited)	2023 (Unaudited)
Inpatients		
Inpatient bed days	11,648	10,578
Effective inpatient bed days	2,119,936	1,914,618
Utilization rate (%)	87.4	84.0
Net inpatient bed days	1,852,397	1,607,422
Total inpatient revenue (RMB'000)	586,146	553,572
Average inpatient bed day rate (RMB)	317	345
Per inpatient bed day revenue (RMB'000)	91,056	84,197
Average inpatient bed day rate (RMB)	49	52
Total inpatient revenue (RMB'000)	677,202	637,769
Total average inpatient spending per bed-day (RMB)	366	397
Outpatients		
Outpatient visits	243,108	250,648
Total outpatient revenue (RMB'000)	31,560	33,647
Average outpatient visit rate (RMB)	130	134
Per outpatient visit revenue (RMB'000)	76,130	72,781
Average outpatient visit rate (RMB)	313	291
Total outpatient revenue (RMB'000)	107,690	106,428

	For the six months ended June 30	
	2024	2023
	(Unaudited)	(Unaudited)
Total average outpatient spending per visit (RMB)	443	425
Total treatment and general healthcare services revenue (RMB'000)	617,706	587,219
Total pharmaceutical sales revenue (RMB'000)	167,186	156,978

D e Re Pe d, a e B Re e e a ed RMB677.2 ,
e e e a c e a e f 6.2% a c a ed a a f e a e e d f 2023,
a a d e e b e f e G , a e b e d a c e a e d b 15.2%,
c a d e b e c e a e e a e b e d a f We z O a Y
Ge a c H a, Y a Ka H a, Ca a Y H a, Y e
Y H a a d Ge a c H a a e a e e a c e d L d Ka
H a, D Le H a a d C e d Y y H a 2023. T e
f a e B Re e e e e e f e a e d a
a 86.3% (f e e d e d J e 30, 2023: 85.7%).

During the Reporting Period, the Board reviewed and approved RMB107.7 million, or 1.2% of the total assets, for the year ended December 31, 2023, as compared with RMB14.2 million, or 0.2% of the total assets, for the year ended December 31, 2022. The Board also reviewed and approved RMB13.7 million, or 0.1% of the total assets, for the year ended January 30, 2023: 14.3%).

D e Re Pe d, d e e c e a e f b a e a d a e
b e f ed a , B Re e e f e a e a d e e a e a c a e
e ce c e a e d b 5.2% a c a e d a f e a e e d f 2023,
acc f 78.7% (f e e d e d J e 30, 2023: 78.9%) f B
Re e e f e a ed a ; B Re e e f a a c e c a a e
c e a e d b 6.5% a c a e d a f e a e e d f 2023, acc f
21.3% (f e e d e d J e 30, 2023: 21.1%) f B Re e e f ed
a , f c : e a f a e a a c e c a a e a a e B
Re e e c e a e d 13.4% (f e e d e d J e 30, 2023: 13.2%), e
a f a e a a c e c a a e a a e B Re e e c e a e d
70.7% (f e e d e d J e 30, 2023: 68.4%).

Cost of revenue of owned hospitals, excluding the cost of revenue of hospitals that are not owned by the Company, decreased by 1.4% from RMB555.2 million in 2023 to RMB547.5 million in 2024. The decrease was primarily due to the decrease in the cost of revenue of hospitals that are not owned by the Company, which decreased by 1.4% from RMB555.2 million in 2023 to RMB547.5 million in 2024. The decrease was primarily due to the decrease in the cost of revenue of hospitals that are not owned by the Company, which decreased by 1.4% from RMB555.2 million in 2023 to RMB547.5 million in 2024.

	For the six months ended June 30	
	2024	2023
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Cost of revenue of owned hospitals	177,398	188,867
Cost of revenue of hospitals that are not owned by the Company	228,188	208,780
Cost of revenue of hospitals that are not owned by the Company, excluding the cost of revenue of hospitals that are not owned by the Company	14,557	17,993
Cost of revenue of hospitals that are not owned by the Company, excluding the cost of revenue of hospitals that are not owned by the Company	52,308	49,033
Cost of revenue of hospitals that are not owned by the Company, excluding the cost of revenue of hospitals that are not owned by the Company	33,351	32,373
Cost of revenue of hospitals that are not owned by the Company, excluding the cost of revenue of hospitals that are not owned by the Company	8,450	10,630
Cost of revenue of hospitals that are not owned by the Company, excluding the cost of revenue of hospitals that are not owned by the Company	40,966	39,816
Cost of revenue of owned hospitals	555,218	547,492

During the period, the cost of revenue of hospitals that are not owned by the Company decreased by 1.4% from RMB555.2 million in 2023 to RMB547.5 million in 2024. The decrease was primarily due to the decrease in the cost of revenue of hospitals that are not owned by the Company, which decreased by 1.4% from RMB555.2 million in 2023 to RMB547.5 million in 2024. The decrease was primarily due to the decrease in the cost of revenue of hospitals that are not owned by the Company, which decreased by 1.4% from RMB555.2 million in 2023 to RMB547.5 million in 2024.

For the six months ended June 30, 2023, the cost of revenue of hospitals that are not owned by the Company was 34.5% of the total cost of revenue of hospitals. For the six months ended June 30, 2024, the cost of revenue of hospitals that are not owned by the Company was 38.1% of the total cost of revenue of hospitals. The increase was primarily due to the increase in the cost of revenue of hospitals that are not owned by the Company, which increased by 1.4% from RMB555.2 million in 2023 to RMB547.5 million in 2024. The increase was primarily due to the increase in the cost of revenue of hospitals that are not owned by the Company, which increased by 1.4% from RMB555.2 million in 2023 to RMB547.5 million in 2024.

Re e e f e ea ca e e a ed b e

T e e e e f e ea ca e e a ed b e e f e G a y c de
 e e e f a e f ed ca de ce , e e e f a ace ca a e y de e
 a , e e e f ca e a e ce a d e e e f ea ca e f a
 ec y b e , e c. D e Re Pe d, e e e f e e
 ea ca e e a ed b e f e G a ed RMB63.0 , f c
 e e e f a e f a ace ca a d ed ca de ce de e a a
 RMB41.7 (f e e ded J e 30, 2023: RMB29.1).

O e e e e e a ed ea ca e b e

T e G ' e e e e e a ed ea ca e b e a y c de e y
 ea c e. D e Re Pe d, e e e f e y ea c y e
 a RMB0.3 (f e e ded J e 30, 2023: RMB2.9), a y
 d e e fac a S e z e Y H a eac ed e ea e c d y
 e a e y a d d, a d e e a e y a d d bac e b e e y,
 e a dec ea e e a c e.

4.1.2 Gross Profit and Gross Profit Margin

D e Re Pe d, a f f e G e a c e ba
 a ed RMB226.2 , e e e a c ea e f 12.2% a c a ed
 a f e a e e d f 2023. T e f f y ed a b e e
 e a c e ba a ed RMB210.4 , e e e a c ea e f
 16.1% a c a ed a f e a e e d f 2023. T e a b e be e f a
 b ea d f e f a f d f e e b e e f e e d d ca ed:

	For the six months ended June 30	
	2024 (Unaudited)	2023 (Unaudited)
Operating profit	27.5%	24.9%
Operating expense	24.9%	41.3%
Consolidated gross profit margin	27.3%	25.9%

D e Re Pe d, c da ed f a f e G c ea ed
 27.3% (f e e ded J e 30, 2023: 25.9%), f c e f
 a f y ed a b e e c ea ed b 2.6 e ce a e f e a e
 e d f 2023.

4.1.3 Tax and Surcharge

During the Reporting Period, the additional tax and surcharge paid amounted to RMB6.3 million (for the corresponding period ended June 30, 2023: RMB2.8 million).

4.1.4 Selling Expenses

During the Reporting Period, the selling expenses paid amounted to RMB9.2 million (for the corresponding period ended June 30, 2023: RMB7.8 million). The selling expenses accounted for 1.2% of the net revenue (for the corresponding period ended June 30, 2023: 1.1%).

4.1.5 Administrative Expenses

During the Reporting Period, administrative expenses paid amounted to RMB21.7 million (for the corresponding period ended June 30, 2023: RMB10.9 million). The administrative expenses accounted for 1.1% of the net revenue (for the corresponding period ended June 30, 2023: 1.1%).

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

During the Reporting Period, the administrative expenses paid amounted to RMB106.3 million (for the corresponding period ended June 30, 2023: RMB101.9 million). The administrative expenses accounted for 1.1% of the net revenue (for the corresponding period ended June 30, 2023: 1.1%).

During the Reporting Period, the effective exchange rate of the Renminbi against the Hong Kong dollar was 1:7.75, compared with 1:7.75 at the end of 2023, and the average exchange rate of the Renminbi against the Hong Kong dollar was 1:7.75.

4.1.8 Investment Income/Loss

On the reporting date, the investment income/loss for the reporting period is as follows:

	For the six months ended June 30,	
	2024	2023
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Share of profit/loss of associates	479	-158
Gain/loss on disposal of subsidiaries	1,201	-38
	1,680	-196

During the Reporting Period, the investment income/loss for the reporting period is as follows: RMB1.7, compared with RMB1.4 at the end of 2023, and the average exchange rate of the Renminbi against the Hong Kong dollar was 1:7.75.

4.1.9 Credit Impairment Losses

During the Reporting Period, the credit impairment losses for the reporting period are RMB5.6 (for the reporting period ended June 30, 2023: RMB3.0).

4.1.10 Non-Operating Income and Non-Operating Expenses

O - e a c e a y c f e e a a d d a
ece ed c e, a d - e a y e e e a y c f e c a f

4.2 Financial Position

4.2.1 Inventory

As of June 30, 2024, the inventory balance amounted to RMB51.9 million (as of December 31, 2023: RMB60.6 million), a decrease of 14.3%.

4.2.2 Accounts Receivables

As of June 30, 2024, the balance of accounts receivable amounted to RMB448.1 million (as of December 31, 2023: RMB420.4 million), an increase of 6.6%.

As of December 31, 2023, the company's accounts receivable were primarily from the sale of products.

Due to the period, the accounts receivable were primarily from the sale of products. The company's accounts receivable were primarily from the sale of products.

4.2.3 Other Receivables and Prepayments

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

4.2.4 Other Non-current Financial Assets

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

4.2.5 Construction in progress

As of June 30, 2024, the balance of construction in progress amounted to RMB234.0 million (as of December 31, 2023: RMB187.0 million). Due to the period, the company's construction in progress was primarily from the construction of new projects.

4.2.6 Right-of-use Assets

As of June 30, 2024, the balance of right-of-use assets amounted to RMB170.5 million (as of December 31, 2023: RMB189.1 million), a decrease of 9.5%.

4.2.7 Accounts Payables

As of June 30, 2024, the balance of accounts payable amounted to RMB112.5 million (as of December 31, 2023: RMB110.1 million).

4.2.8 Receipts in Advance and Contract Liabilities

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

4.2.9 Other Payables

As of June 30, 2024, the payable decreased RMB68.5 (as of December 31, 2023: RMB150.3), mainly due to the decrease in the payable for the purchase of raw materials. The payable for the purchase of raw materials decreased RMB68.5 (as of December 31, 2023: RMB150.3).

4.3 Liquidity and Capital Resources

The above items are reflected in the cash flow statement as follows:

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

4.3.1 Net Cash Generated from Operating Activities

During the reporting period, the cash generated from operating activities was RMB116.5 million, mainly due to the decrease in the cash generated from the sale of raw materials. The cash generated from the sale of raw materials decreased RMB45.0 million, and the cash generated from the sale of finished products increased RMB5.6 million. The cash generated from the sale of finished products increased RMB79.4 million, and the cash generated from the sale of finished products decreased RMB42.4 million.

4.3.2 Net Cash Used in Investing Activities

During the reporting period, the cash used in investing activities was RMB112.7 million, mainly due to the purchase of property, plant and equipment. The cash used in investing activities was RMB111.0 million, and the cash used in investing activities was RMB112.7 million. The cash used in investing activities was RMB112.7 million, and the cash used in investing activities was RMB112.7 million.

4.3.4 Significant Investment, Acquisition and Disposal

The Graduate Catalog is available at www.graduatecatalog.com and is effective as of June 30, 2024.

A f e da e f a ce e , e G d d ece e a y ec f c a V
a a f e B a d f ca e e ac f ca a
a e .

4.4 Indebtedness

4.4.1 Bank Borrowings

A f J e 30, 2024, e ba a ce f ba b f e G a ed
RMB923.3 (a f Dece be 31, 2023: RMB864.7), a y
a b ab e e a e f b f RMB304.8 a d a c ea e
b f RMB363.4 d e Re Pe d.

4.4.2 Contingent Liability

A f J e 30, 2024, e G ad c e ab y a a ee a d
a e a a e a ac e f a c a e a f e G .

4.4.3 Asset Pledge

D e Re Pe d, e G ' We 7 Ka H a ed ed ea
e a e e 8 ce f ca e be f We fa Q a 7 e L c e D c N .
826751, We fa Q a 7 e L c e D c N . 826750, Z e (2016) We 7 Rea
E a e R N . 0010144, Z e (2016) We 7 Rea E a e R N . 0010142,
Z e (2021) We 7 Rea E a e R N . 0081628, We G Y (2015) N .
1-11836, a d We G Y (2015) N . 1-11833 C a M e Ba We 7

4.4.4 Lease Liabilities

The lease liability of the Group as at the end of the reporting period is disclosed in the consolidated statement of financial position. As at December 31, 2024, the lease liability is measured at the present value of the lease payments, using the discount rate of 5.26% (December 31, 2023: 5.38%). The lease liability is measured at the present value of the lease payments, using the discount rate of 5.26% (December 31, 2023: 5.38%).

4.4.5 Financial Instruments

The financial instruments of the Group are classified as financial assets or financial liabilities. The Group's financial instruments are classified as financial assets or financial liabilities. The Group's financial instruments are classified as financial assets or financial liabilities.

4.4.6 Exposure to Fluctuation in Exchange Rates

The Group's exposure to fluctuations in exchange rates is managed through the use of foreign exchange contracts. The Group's exposure to fluctuations in exchange rates is managed through the use of foreign exchange contracts.

During the year ended December 31, 2024, the Group's exposure to fluctuations in exchange rates is managed through the use of foreign exchange contracts. During the year ended December 31, 2024, the Group's exposure to fluctuations in exchange rates is managed through the use of foreign exchange contracts.

4.4.7 Gearing Ratio

As at December 31, 2024, the Group's gearing ratio is 52.6% (December 31, 2023: 53.8%).

4.4.8 Employees and Remuneration Policy

As at December 31, 2024, the Group's remuneration policy is based on the performance of the employees. As at December 31, 2024, the Group's remuneration policy is based on the performance of the employees.

4.4.8.1E Equity Incentive Scheme

The following table sets out the details of the Equity Incentive Scheme of the Company, as approved by the Board of Directors of the Company on 29 May 2018, and as amended by the Board of Directors of the Company on 14 May 2021, and as further amended by the Board of Directors of the Company on 25 May 2021.

The Equity Incentive Scheme was established by the Board of Directors of the Company on 29 May 2018, and as amended by the Board of Directors of the Company on 14 May 2021, and as further amended by the Board of Directors of the Company on 25 May 2021.

The Equity Incentive Scheme is a long-term incentive scheme for the Company's employees. The Equity Incentive Scheme is a long-term incentive scheme for the Company's employees. The Equity Incentive Scheme is a long-term incentive scheme for the Company's employees.

T e de a f e E y I ce e Sc e e a e a f V :

(1) P e

T e E y I ce e Sc e e a bee f a ed f e ef e e
 c a e e a ce c e f e C a y e ab a d e e
 C a y - e ce e a d e a e c a , a ac a d a e
 fe y a a a e e a e a d c e e e , f y b -ze e
 e a a d cea y effec e y e a ce c e ea c e a d c e
 c a e c e e e , be e y b -ze e e a f e y e e f
 e G , a d effec e y e a e S a e de , e e , e C y a y
 e e a d e e f e c e e a e be a e a e y
 a e eff f e C a y - e de e e a d e e e
 ea -za f e C a y de e e a e y a d e a bec e .
 T e E y I ce e Sc e e a bee de e ed e ec d ff y
 afe a d S a e de , e e a e c e f be ef y
 be c b a d acc da ce y f e
 e e a y , ad a e e a a d e a y d c e c d
 e PRC C a y La y a d e A ce f A ca y .

(2) Sc e f e Pa c a

(a) Sc e f e Pa c a

A Pa c a a bee y ed e G a d a e ed ab
 c ac e y e c ac y e G d e a a a
 e d f e E y I ce e Sc e e .

Pa c a a c de e D ec , S e , e
 a a e e f e G (c d e e e a a a e), c e
 ec ca (b e) e e , a d e e y , e
 f e B a d , a be ce -zed, a d e B a d a de e e e
 Pa c a a d e a f e y be a ed y 36
 c de a a d a a f e E y I ce e Sc e e a a
 e e a ee .

(b) L f e Pa c a de e E y I ce e Sc e e

T e ec f c a d b c bed ca a c b f e Pa c a
 a be e ec ed a d a e ed y e B a d .

(b) L c ed- e d f e E γ I ce e Sc e e

T e c ed- e d f e I ce e S a e a ed e Pa c a
48 , ca c a ed f e da e e Pa c a a e a ed e
I ce e S a e .

(c) U c e da a e e f e E γ I ce e Sc e e

I ce e S a e de e f a a be c ed e af e
48 (J e 28, 2022) f e da e f e f a (J e 29,
2018); I ce e S a e de e e e ed a a be c ed
c c e γ e de e f a e e c c a ce
a e e ce a e e e a e d e a a be ade de e
E γ I ce e Sc e e.

(5) G a ced e f e E γ I ce e Sc e e

() T e e e a a e f e Pa e a d e Pa c a a
e Pa e a ee e a e e a d b a f b
a e .

() T e C a γ e e De a d N e e Pa c a e
G a Da e.

() T e Pa c a γ e De a d N e a d e e f e
a e C a γ .

() W e e d ec f ed b e C a γ , e Pa c a γ a
e f d ed b c be f I ce e S a e (ca c a ed ba ed
e a ce) e acc de a ed b e C a γ acc d
e e e e f e C a γ .

() T e C a γ e a e a a a e e e e f e E γ
I ce e Sc e e acc d e e e f a ee e a d
b c b e Pa c a , e a e f Pa c a ,
be f S a e a ed, a da e, a f a e a d e
e e a be f Pa e a ee e , e c.

(6) G a P c e f e E y I c e e S a e a d b a f d e e a

(a) T e G a P c e f e E I c e e S a e : e G a P c e f e
I c e e S a e d e e f a a b e RMB10.47 e S a e; e
G a P c e f e I c e e S a e d e e e e d a a b e
RMB10.47 e S a e.

(b) Ba f de e a e G a P ce f e E y I ce e
S a e

Ba ed e f da e a e f e de e e f
e C a a d afe a d e e e f S a e de , e G a
P ce f RMB10.47 f E I ce e S a e de e I ce e
Sc e e a bee de e ed acc da ce e c e f
ce e e a a d effec e e (重點激勵、有效激勵)
a d c e e e efe e ce e f fac :

() a a e da e f e a a f e E I ce e S a e b
e B a d (.e. Ma 29, 2018), e ad y ce f e C a y
H S a e y a a a e HK\$40.00 e S a e (e a e
a a e y RMB32.50 e S a e); a d

() e be f E y I ce e S a e a ed e a d e
ce e effec .

(c) G a P c e f e E y I c e e S a e a a d c e

The Gap between the price of the ICE and the EYICE is 32.22% of the average of the two prices. The average of the two prices is RMB10.47 per share.

For the period ended June 30, 2024, the carrying amount of the Share-based Compensation Expense is as follows:

Name/Category of Grantee	Date of Grant	Vesting Date (Unlocking Date)	Grant Price (RMB/Share)	Balance of Incentive Shares Granted but not Vested as at January 1, 2024	Balance of Incentive Shares Granted and Vested during the Reporting Period	Vested (Unlocked) during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Balance of Incentive Shares Granted but not Vested as at June 30, 2024
<i>Director</i>									
M. WANG Lanyue	June 18, 2021	June 28, 2022	10.47		248,328				
<i>Senior Management</i>									
M. XIE Tefan	June 18, 2021	June 28, 2022	10.47		4,776				
<i>Other Employees</i>									
M. XU Y (Chief Financial Officer)	June 18, 2021	June 28, 2022	10.47		28,653				
M. WANG H (Chief Executive Officer)	June 18, 2021	June 28, 2022	10.47		95,511				
M. WANG B (Responsible for M. WANG Lanyue and M. WANG H)	June 18, 2021	June 28, 2022	10.47		4,776				
M. XU Q (Responsible for M. XU Y)	June 18, 2021	June 28, 2022	10.47		4,776				
M. GUAN Weibin (Responsible for M. GUAN Weibin)	June 18, 2021	June 28, 2022	10.47		19,102				
M. SUN Fan (Responsible for M. WANG Lanyue and M. WANG H)	June 18, 2021	June 28, 2022	10.47		14,327				
M. SUN Hui (Responsible for M. WANG Lanyue and M. WANG H)	June 18, 2021	June 28, 2022	10.47		30,563				
M. ZHANG L (Responsible for M. GUAN Weibin)	June 18, 2021	June 28, 2022	10.47		4,776				
Shareholders (a)	Aug 20, 2018	June 28, 2022	10.47		133,715				
	Aug 16, 2021	June 28, 2022	10.47		47,755				
Employees (a)	Aug 20, 2018	June 28, 2022	10.47		1,605,540				
	Aug 26, 2019	June 28, 2022	10.47		180,516				
	Aug 16, 2021	June 28, 2022	10.47		36,886				
Total				-	2,460,000	-	-	-	-

The Share-based Compensation Expense is calculated based on the fair value of the shares granted at the grant date.

4.4.8.2 H S a e A V a d a d T S c e e

T a ac, a e a d e a e e e y ed a d e e e ced c e bac b e
e be f e ec ca ad a a e e c e f e
c e a a d d e e e f e C a y e f y e, acc da ce
V e e e e f e C a y La f e Pe e' Re b c f C a
a d e e e a a , ad a e e a , e a y d c e a d
e A ce f A ca , e C a y a f a ed e H S a e A V a d a d
T S c e e, c V a c de e d a d a ed b e 2023 f e a d a y
a e de ' e e a e e f e C a y c y e ed Se e be 27, 2023.
U e e c e e e e e, e y ed e e a f e a a e e a e
ea a e def ed e c c a f e C a y da ed Se e be 8,
2023 a d e a ce e f e C a y da ed Se e be 27, 2023, A 12,
2024, A 23, 2024 a d J e 18, 2024.

P a e H S a e A V a d a d T S c e e, a T Deed V be e e ed
be e e C a y a d e T ee. P a e T Deed, e T
V be c ed e y ce e H S a e A V a d a d T S c e e V e e b e
T ee a a V e ad a f e S c e e a d a , bec e
e e a f e T Deed a d e c f e C a y
ac e H S a e - a e a ac a d c S a e a be ac ed
b e T e f d a fe ed b e C a y a d a be e a ed
a d d ed f b e T ee a e C a y c . S c H S a e
de e S c e e a e ceed 5% (be 3,730,015 a e) f e a a e
ca a f e C a y f V e da e V c e a da e f e S c e e
a ed a e da e V c e a a f da e ba ed.
T e A V a d a ed e Se ec ed Pa c a a be e d b e T ee
f e be ef f e Se ec ed Pa c a , a d e T y ee a , f e
e f e f e A V a d a d e c f e B a d a d/ e
De e a ee, e e a e f e T e A V a d S a e e Se ec ed Pa c a
e e be f A V a d S a e e ed - a e a ac a
e e a a e ce a d a y e Se ec ed Pa c a e ceed a
f c a e acc da ce V e a d e e a de e T
Deed.

I e ec f e H S a e A V a d a d T S c e e, e Se ec ed Pa c a
(c d c ec ed e) f e f ac a a c ed a a f 36
e , 364,100 A V a d S a e a ed. T e Se ec ed Pa c a (c d
c ec ed e) f e ec d a e f e ac a a c ed a a f 36
e , 616,000 A V a d S a e a ed. T e Se ec ed Pa c a (c d
c ec ed e) f e d a e f e ac a a c ed a a f 52
e , 335,000 A V a d S a e a ed. A f e da e f a ce e ,
a a f 7 a c a e ed, c e d a a f 75,000 A V a d S a e .
A f e da e f a ce e , e Se ec ed Pa c a f e ac a a
de e H S a e A V a d a d T S c e e c ed 101 e , a d a a f
1,240,100 A V a d S a e a e bee a ed. T e A V a d S a e a ed acc ed
f 1.66% f e a ed a e ca a f e C a y a f e da e f
a ce e . F de a f e a a , ea e efe e c c a f e
C a y da ed Se e be 8, 2023 a d e a ce e f e C a y da ed
Se e be 27, 2023, A 12, 2024, A 23, 2024 a d J e 18, 2024.

5 PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, the Company has not purchased any of its common stock, and has not redeemed any of its common stock (including any repurchases of common stock).

As of June 30, 2024, the Company had not repurchased any of its common stock.

6 EVENTS AFTER THE REPORTING PERIOD

I acc da ce e E e e I c e Ta La f e Pe e' Re b c f C a (中
華人民共和國企業所得稅法) a d e e a e a c ca e effec
Ja a 1, 2008, e C a e ed d a d e e e c e a a e
a e f 10% be a f f e - e de e e e S a e de e a e a ea
e e e f e be f H S a e e d b e ca d de d. A H S a e
e eed de e a e fa d da S a e de, c d HKSCC N ee
L ed, e ee, a e ee, e a -za, a be dee ed
a S a e ed b - e de e e e S a e de . T e ef e, e e e c e a a
be ed f d de d a be c S a e de . If de f H S a e e d
c a e S a e de a, e a e e e ab e e e a ced e e e a e
ee . T e C a e c c e a e e e e f e e e a
e e a a d d a d e e e c e a be a f f e e e a
S a e de ba ed e e e f e be f H S a e a f e Rec d Da e.

If e d d a de f H S a e a e H K Maca e de e de f e
c e c ada a eed a a e f 10% f e ca d de d ad e e
PRC de e e e a a a ee e, e C a d d a d a d a
c e a be a f f e e e a S a e de a a e f 10%. S d e d d a
de f H S a e be e de f e c e c ada a eed a a e f e a
10% e PRC de e e e a a a ee e, e C a a d a d a
d d a c e a be a f f e e e a S a e de a a e f 10%. I ca e,
f e e e a d d a de f H S a e e ca e e a a e d de
e a ca f 10% a a e, e C a ca a f be a f f e de
acc d e e e a a eed e f e e a a e a e . T e e e a S a e de a
b e e de ce e ed b e ce f e a a ee e C e a e H K
I e Se ce L ed. T e C a a e a ef d a f e e a a
f e c e e a a y . S d e d d a de f H S a e be e de f
e c e c ada a eed a a e f e 10% b e a 20% e PRC
de e a a ee e, e C a a d a d a e d d a c e a
be a f f e de a e a eed ac a a e acc da ce e e e a a a ee e .
I e ca e a e d d a de f H S a e a e e de f e c e c ad
a a eed a a e f 20% e PRC de e a a ee e, c a e eed
a a a ee e e PRC, e e, e C a a d a d a e
d d a c e a be a f f e de a a e f 20%.

9 COMPLIANCE WITH CG CODE

D e Re Pe d a d e da e f a ce e, e C a a
c ed a c de e CG C de.

10 ACCOUNTING STANDARDS

T e C a a bee a e C a Acc S a da d f B e E e e
ce ef a ca y e a f 2017, a d a c ed e d c e e e e e ed
e e C a e O d a ce e C a f e 622f f e a f H K) e e

11 FINANCIAL REPORT

11.1 Accounting Policies

11.1.1 Accounting Policies

The financial statements are prepared according to the Accounting Standards for Business Enterprises (《企业会计准则—基本准则》) and the Accounting Standards for Business Enterprises (《企业会计准则》) issued by the Ministry of Finance (《企业会计准则》) in February 2006.

The financial statements are prepared according to the Accounting Standards for Business Enterprises (《企业会计准则》) and the Accounting Standards for Business Enterprises (《企业会计准则》) issued by the Ministry of Finance (《企业会计准则》) in February 2006.

The Group's accounting policies are consistent with the accounting policies of the Company. The Group's accounting policies are consistent with the accounting policies of the Company.

The financial statements are prepared according to the accounting policies of the Company.

The Company's accounting policies are consistent with the accounting policies of the Company.

11.2 Interim Financial Statement

The Interim Financial Statement is prepared according to the accounting policies of the Company.

11.2.1 Interim Consolidated Income Statement

(Amount in RMB million)

Items	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
I. Total revenue	828,957,554	777,925,164
Income from operations	828,957,554	777,925,164
Income from operations	—	—
Income from operations	—	—
Income from operations	—	—

Items	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
II. Total cost of sales	766,642,938	724,044,724
Incurred: Cost of sales	602,800,461	576,390,596
Interest expense	—	—
Freight	—	—
Storage	—	—
Net carrying charges	—	—
Net foreign exchange	—	—
Interest on debt	—	—
Realized gains	—	—
Taxes	6,268,299	2,783,861
Selling expenses	9,249,266	7,828,610
General and administrative	106,271,384	101,924,027
Research and development	17,588,076	14,957,996
Facilities	24,465,451	20,159,634
Interest on debt	23,323,467	19,182,137
Interest on debt	2,686,209	2,704,831
Add: Other	5,588,263	5,822,495
Interest expense (income)	1,680,200	-195,726
Incurred: Interest on debt	478,828	-157,522
Depreciation and amortization	—	—
Foreign exchange (income)	—	—
Gain on sale of assets	—	—
Gain on sale of assets	—	—
Gain on sale of assets	-98,523	—
Change in fair value of assets	—	—
Change in fair value of assets	-5,584,264	-3,009,927
Change in fair value of assets	—	—
Gain on sale of assets	-74,985	—

Items	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
III. Operating profit (losses represented with “-” signs)	63,825,306	56,497,282
Add: Net income	503,490	5,924,961
Less: Net income	2,816,220	2,215,131
IV. Total profit (total losses represented with “-” signs)	61,512,576	60,207,112
Less: Income	16,516,143	11,477,880
V. Net profit (net losses represented with “-” signs)	44,996,433	48,729,232
(I) Cash flow		
1. Net cash flow		
(Income -)	44,996,433	48,729,232
2. Net cash flow		
(Income -)	-	
(II) Cash flow		
1. Net cash flow		
(Income -)	50,723,744	43,750,057
2. Profit before tax		
(Income -)	-5,727,311	4,979,175
VI. Other comprehensive income, net of tax		
Other comprehensive income		
(I) Other comprehensive income		
1. Cash flow		
2. Other comprehensive income		
3. Cash flow		
4. Cash flow		

Items	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
(II) Operating income		
1. Operating income	-	-
2. Cost of sales	-	-
3. Administrative expenses	-	-
4. Selling expenses	-	-
5. Research and development expenses	-	-
6. Financial expenses	-	-
7. Other income	-	-
Operating income	-	-
VII. Total comprehensive income	44,996,433	48,729,232
Attributable to equity holders of the parent	50,723,744	43,750,057
Attributable to non-controlling interests	-5,727,311	4,979,175
VIII. Earnings per share:		
(I) Basic	0.68	0.59
(II) Diluted	0.68	0.59

11.2.2 Interim Consolidated Balance Sheets

(All amounts in RMB Yuan, unless otherwise indicated)

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	373,302,433	418,861,721
Settlements	—	—
Prepaid expenses and other receivables	—	—
Financial assets	7,599,178	7,350,299
Derivatives	—	—
Net other receivables	763,850	—
Accounts receivable	448,102,421	420,441,070
Receivables from related parties	—	—
Advances	2,366,952	9,830,553
Prepaid expenses	—	—
Receivables from related parties	—	—
Prepaid expenses	—	—
Other receivables	69,943,028	69,705,729
Financial assets	—	—
Intangible assets	51,889,641	60,600,180
Goodwill	—	—
Other receivables	—	—
Net other receivables	3,053,788	858,020
Total current assets	957,021,290	987,647,572

ASSETS	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Non-current assets:		
Goodwill	—	—
Debt	—	—
Other debt	—	—
Long-term accounts receivable	14,000,000	14,000,000
Long-term equity investments	141,550,815	139,071,987
Intangible assets	—	—
Other non-current financial assets	64,751,653	65,099,055
Investments	—	—
Fixed assets	782,127,103	794,856,343
Capital	234,034,297	186,980,241
Prepaid expenses	—	—
Other assets	—	—
Receivables	170,465,126	189,054,507
Inventory	307,875,476	320,321,705
Deferred expenses	—	—
Goodwill	119,909,089	119,909,089
Long-term equity investments	156,750,581	175,910,626
Deferred assets	44,940,519	45,146,271
Other non-current assets	14,925,823	9,689,211
Total non-current assets	2,051,330,482	2,060,039,035
TOTAL ASSETS	3,008,351,772	3,047,686,607

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current liabilities:		
Short-term debt	111,000,000	127,001,700
Bank overdrafts	—	—
Accounts payable	—	—
Accounts receivable	12,400,000	12,400,000
Deferred income taxes	—	—
Notes payable	—	1,545,021
Accrued interest	112,544,938	110,060,008
Revenue	26,157,512	26,563,603
Contract liabilities	92,925	—
Financial instruments	—	—
Receivables	—	—
Deferred income taxes	—	—
Deferred income taxes	—	—
Employee benefits	67,014,464	84,324,006
Taxes payable	30,855,446	38,553,746
Other	68,487,137	150,270,575
Fee income	—	—
Revenue	—	—
Liabilities	—	—
Non-current liabilities	108,286,381	250,411,757
Other	569,425	—
Total current liabilities	537,408,228	801,130,416

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Non-current liabilities:		
Provision for uncertain tax	—	—
Long-term debt	768,224,670	557,719,215
Bond payable	—	—
Interest: Preferred share	—	—
Interest: Preferred share	—	—
Lease liability	158,912,952	163,239,533
Long-term debt	64,227,914	61,351,341
Long-term debt	—	—
Provision for uncertain tax	—	—
Deferred income tax	8,582,203	8,734,099
Deferred asset	44,533,950	47,306,056
Other non-current liability	—	—
Total non-current liabilities	1,044,481,689	838,350,244
Total liabilities	1,581,889,916	1,639,480,660
Shareholders' equity:		
Share capital	74,600,300	74,600,300
Other equity	—	—
Interest: Preferred share	—	—
Interest: Preferred share	—	—
Capital	840,753,481	852,695,602
Less: Treasury stock	3,146,833	12,587,012
Other comprehensive income	—	—
Securities	—	—
Shareholders' equity	38,399,577	38,399,577
Provision for uncertain tax	—	—
Retained earnings	340,299,883	311,956,229
Treasury stock	1,290,906,409	1,265,064,696
Non-current equity	135,555,448	143,141,251
Total shareholders' equity	1,426,461,856	1,408,205,947
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,008,351,772	3,047,686,607

(A a RMB Y a e e e a ed)

37

Items	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
II. Cash flows from investing activities		
Ca ece ed f d a f e e	–	8,249,458
Ca ece ed f e e e	–	
Ne ca ece ed f d a f f e d a e , a b e a e a d e - e a e	644,865	26,383
Ne ca ece ed f d a f b d a e a d e b e	432,733	
Ca ece ed e a e e ac e	–	
S b- a f ca f f e ac e	1,077,599	8,275,841
Ca ad ac e f e d a e , a b e a e a d e - e a e	111,001,023	107,843,620
Ca ad ac e e e	2,000,000	3,866,900
Ne c e a e e d e d a	–	
Ne ca ad ac e b d a e a d e b e	–	15,187,013
Ca ad e a e e ac e	787,500	500,060
Sub-total of cash outflows of investing activities	113,788,523	127,397,593
Net cash flows from investing activities	-112,710,924	-119,121,752
III. Cash flows from financing activities		
Ca ece ed f ca a c b	5,210,500	2,845,000
I c d : Ca ece ed f ca a c b -c a e d e f b d a e	5,210,500	2,845,000
Ca ece ed f b	362,766,250	251,050,000
Ca ece ed e a e f a c ac e	22,800,000	
S b- a f ca f f f a c ac e	390,776,750	253,895,000
Ca e a e f b	304,772,127	109,630,000
Ca a e f d b f d d e d , f e e e e e	43,748,490	21,324,300
I c d : Ca a e f d b f d d e d a d f b b d a e c a e d e	1,145,517	
Ca ad e a e f a c ac e	83,915,998	113,150,442
Sub-total of cash outflows of financing activities	432,436,615	244,104,742
Net cash flows from financing activities	-41,659,865	9,790,258

Items	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>-99,245</u>	<u>13,070</u>
V. Net increase in cash and cash equivalents	-37,934,050	4,272,914
Add: Cash and cash equivalents at the beginning of the period	<u>404,723,339</u>	<u>258,595,991</u>
VI. Cash and cash equivalents at the end of the period	<u>366,789,289</u>	<u>262,868,905</u>

11.2.4 Consolidated Statement of Changes in Shareholders' Equity

(Amount in RMB Yuan)

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 at the beginning of the year

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
(III) D b f f	-	-	-	-	-	-	-	-	-	-	-22,380,090	-22,380,090	-2,891,517	-25,271,607
1. W d a f e e e												-		-
2. W d a f f														-
e e a												-		-
3. P f d b ed														-
e e (														-
a e de)														-
4. O e														-
(IV) I e a ca f a d f												-22,380,090	-2,891,517	-25,271,607
e e e														-
1. C e f														-
ca a e e e														-
a d- ca a (														-
a e ca a)														-
2. C e f														-
e e e														-
a d- ca a														-
(a e ca a)														-
3. S e e e														-
f f e e														-
4. Ca f a d f														-
c a e e														-
def ed be ef														-
a f e a ed														-
ea														-

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
(V) S e c a e e e	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. W d a f e														
e d														
2. U a e f e														
e d														
(VI) O e					-3,375,411							-3,375,411		-3,375,411
IV. B a c e a e e d f e	74,600,300				840,753,481	3,146,833	-	-	38,399,577	-	340,299,883	1,290,906,409	135,555,448	1,426,461,856

[illegible]

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 accounts receivable based on the date as follows:		
	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within 1 year	443,637,523	425,833,221
1-2 years	42,631,127	6,696,710
2-3 years	4,507,504	4,480,033
Above 3 years	10,140,966	7,780,010
Subtotal	<u>500,917,120</u>	<u>444,789,973</u>
Less: Provision for bad debts	52,814,699	24,348,904
Total	<u>448,102,421</u>	<u>420,441,070</u>

Accounts receivable by category of bad debts

	June 30, 2024 (Unaudited)			
	Balance of carrying amount	Provision for bad debts		
	Amount	Proportion (%)	Amount	Percent of provision (%)
Accounts receivable by category of bad debts				
Indicated:				
Accounts receivable by category of bad debts	28,701,127	5.7	24,270,289	84.6
Indicated:				
Accounts receivable by category of bad debts	28,701,127	5.7	24,270,289	84.6
Accounts receivable by category of bad debts	472,215,993	94.3	28,544,411	6.0
Indicated:				
Accounts receivable by category of bad debts	472,215,993	94.3	28,544,411	6.0
Total	<u>500,917,120</u>	<u>100.0</u>	<u>52,814,700</u>	<u>10.5</u>

	Balance forward		December 31, 2023 (Audited)		
	A	P	(%)	A	(%)
Accounts receivable					
debit	19,507,031		4.4	12,854,582	65.9
credit					
Accounts receivable	19,507,031		4.4	12,854,582	65.9
Accounts payable					
debit	425,282,942		95.6	11,494,321	2.7
credit					
Other debt	425,282,942		95.6	11,494,321	2.7
Total	444,789,973	100.0		24,348,903	5.5

11.3.2 Accounts payable

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Wages payable	109,289,542	107,790,035
Other payable	2,464,602	1,815,169
Trade payable	449,920	85,740
Accounts payable	340,874	369,064
Total	112,544,938	110,060,008

11.3.3 Revenue and cost of sales

As at 30 June 2024

	For the six months ended June 30, 2024 (Unaudited)		2023 (Unaudited)	
	Revenue	Cost	Revenue	Cost
Manufacturing	765,636,198	555,217,793	728,692,633	547,491,901
Operating	63,321,356	47,582,668	49,232,530	28,898,695
Total	<u>828,957,554</u>	<u>602,800,461</u>	<u>779,925,163</u>	<u>576,390,596</u>

Breakdown of revenue:

	For the six months ended June 30, 2024 (Unaudited)		2023 (Unaudited)
Revenue from sales of goods	765,636,198	728,692,633	
Income: Professional services	167,185,935	156,978,407	
Teaching and educational services	598,450,263	571,714,226	
Revenue from other services	63,321,356	49,232,530	
Income: Wholesale and retail trade	41,715,643	28,881,807	
Manufacturing	1,485,148	1,485,149	
Rent	297,620	2,857,972	
Other	<u>19,822,944</u>	<u>16,007,602</u>	
Total	<u>828,957,534</u>	<u>777,925,163</u>	

11.3.4 Earning per Share

Ba c ea e S a e

	For the six months ended June 30,	
	2024	2023
	(Unaudited)	(U a d ed)
C da ed e f a b ab e e d a y		
S a e de f e a e c a y	50,723,744	43,750,057
We ed a e a e be f a d d a y		
S a e f e C a y	74,600,300	74,600,300
Ba c ea e S a e	0.68	0.59
I c d : Ba c ea e S a e f c		
e a	0.68	0.59
Ba c ea e S a e f d c ed		
e a	—	

D ed ea e S a e

D ed ea e S a e ca c a ed b e c da ed e f a b ab e e		
d a y S a e de f e a e c a y (d ed) d ded b e e ed a e a e		
be f a d d a y S a e f e C a y (d ed):		

	For the six months ended June 30,	
	2024	2023
	(Unaudited)	(U a d ed)
C da ed e f a b ab e e d a y		
S a e de f e a e c a y (d ed)	50,723,744	43,750,057
We ed a e a e be f a d d a y		
S a e f e C a y (d ed)	74,600,300	74,600,300
D ed ea e S a e	0.68	0.59
I c d : D ed ea e S a e f c		
e a	0.68	0.59
D ed ea e S a e f		
d c ed e a	—	

11.3.5 Income tax expenses

Table 11.3.5 Income tax expenses

	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Current income tax expense	19,082,552	23,358,207
Deferred income tax expense	-2,566,409	-11,880,327
Total	16,516,143	11,477,880

	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Tax expense	61,512,577	60,207,112
Income tax expense	12,647,014	16,067,002
Income tax expense - current	474,180	212,272
Income tax expense - deferred	-769,493	-1,472,686
Income tax expense - current	-	-768,780
Income tax expense - deferred	817,638	645,142
Income tax expense - current	-4,610,218	-1,107,566
Income tax expense - deferred	9,615,740	-241,776
Income tax expense - current	-3,065,849	-611,076
Income tax expense - deferred	1,560,541	-1,244,652
Income tax expense - current	-153,410	-1,244,652
Income tax expense - deferred	16,516,143	11,477,880

11.3.6 Dividends

O A 28, 2024, e B a d ed a , ba ed e a ae ca a bef e
e ec d da e de e ed b e e e a f e 2024 e f d b
a (e c d e be y f a e e c a ed b ca ce ed b e C ay),
a ca d de d f RMB1.50 (a c e) e 10 a e be d b ed ya
a e de f e C ay. A a e da e f A ce e , e a ae
ca a f e C ay 74,600,300 a e . E c d 751,900 H a e a a e
bee e c a ed b ca ce ed b e C ay, e a ca d de d be
d b ed ay ca c a ed be RMB 11,077,260 (a c e). T e
ed d de d bec e a a b e S a e de a e EGM.

O Mac 28, 2024, e B ad ed a f a d de d f RMB22,380,090
(a - c e) f e y e a e ded Dece be 31, 2023 y c ca c a ed ba ed
74,600,300 ed S a e f e C a y a a Dece be 31, 2023. T e ed
d de d y a a ed b e S a e de a e a a e e a ee f e y e a
2023 f e C a y Ma 30, 2024.

On July 31, 2023, the Board decided to deduct RMB7,460,030 (approximately \$1.0 million) from the Company's 2023 profit before tax. The deduction was made to reflect the impact of the Company's share repurchase program on its financial performance. The deduction was calculated based on the Company's share repurchase program and the impact of the program on its financial performance. The deduction was made to reflect the impact of the Company's share repurchase program on its financial performance. The deduction was calculated based on the Company's share repurchase program and the impact of the program on its financial performance.

**12 FURTHER INFORMATION IN RELATION TO THE ANNUAL REPORT FOR THE
YEAR ENDED DECEMBER 31, 2023**

Referenced herein as the "2023 Annual Report"). Under the definition, capital expenditures are amounts paid or incurred for the acquisition, construction, or improvement of property, plant, and equipment, and for the acquisition of investments in equity securities of other entities, which are expected to have a useful life exceeding one year. The 2023 Annual Report.

I add e f a d c ed e a a a eaded E y I ce e Sc e e
de e Ma a e e D c a d A a y a e e 2023 A a Re ,
e C a y d e de f e de a e ad e be f e I ce e
S a e a a y ab e f a de e c e e a da e f e E y I ce e Sc e e a
e be a d e e d f e f a c a y ea e ded Dece be 31, 2023 a R e
17.07(2) f e H K L R e .

A a 2,460,000 I ce e S a e ed be a ed de e E y I ce e Sc e e
a e bee a ed A 16, 2021, e be f e I ce e S a e a a ab ef a
de e c e e a da e f e E y I ce e Sc e e a e be a d e e d f e
f a c a y I ce e ded Dece be 31, 2023 y a 0, e ec e y I ce e T e ef e, e e y a a e
a a ab ef e de e E y I ce e Sc e e a y a e da e f e 2023 A a
Re .

13 DEFINITIONS

A d C ee e a d c ee f e B a d

Be Y H 7 8,21.073 0.053 Td()73 38025 3 07469 -0.053 Td(Be Y H d .,

D Le H a	D Le H a C ., L d. (洞口樂寧醫院有限公司), a c a e ab ed e PRC ed ab J e 5, 2018, e f e C a y d ec y ed b d a e
EGM	e e a d a e e e a ee f e C a y be c e ed a d e d d e e
Ge a c H a	We z Y Ge a c H a C ., L d. (溫州怡寧老年醫院有限公司), a c a e ab ed e PRC ed ab N e be 2, 2015, e f e y ed b d a e d ec y e d b e C a y, y e c a b e de y ed ca e ce f e e a c, c d e a c y c a c a d y c ca ea e
G e	e C a y a d b d a e
G a a Y H a	G a a Y H a C ., L d. (冠縣怡寧醫院有限公司), a c a e ab ed PRC ed ab Ma c 1, 2017, e f e C a y d ec y y ed b d a e
H S a e ()	e ea ed f e e ed d a y S a e () e d a a e ca a f e C a y, y a a a e f RMB1.00 eac , ed e Ma B a d f T e S c E c a e f H K L ed
Heze Y H a	Heze Y P c a c H a C ., L d. (荷澤怡寧精神病醫院有限公司), a c a e ab ed e PRC ed ab A 6, 2017, e f e C a y d ec y y ed b d a e
HK\$ HKD	e a f c e y f H K
H K	e H K S ec a Ad a e Re f e PRC
H K L R e	e R e G e e L f Sec e T e S c E c a e f H K L ed a a e ded, e e ed e y e d f e d f e e
H a a Ka H a	H a a Ka H a C ., L d. (淮南康寧醫院有限公司), a c a e ab ed e PRC ed ab Se e be 22, 2017, e f e C a y d ec y y y ed b d a e

J y S H a	J y S H a C ., L d. (縉雲舒寧醫院有限公司), a c a e ab ed e PRC ed ab Feb a 15, 2019, e f e C a y ed b d a e
L a Ka H a	L a Ka H a C ., L d. (龍泉康寧醫院有限公司), a c a e ab ed e PRC ab Feb a 6, 2023, e f e C a y d ec y ed b d a e
L d Ka H a	L d C Ka e Ka H a C ., L d. (婁底市康樂康寧醫院有限責任公司), a c a e ab ed e PRC ed ab A 28, 2017, e f e C a y d ec y ed b d a e
L c e Y H a	W e L c e Y H a C ., L d. (溫州鹿城怡寧醫院有限公司), a c a e ab ed e PRC ed ab A 2, 2020, e f e C a y d ec y ed b d a e
L a C H a	L a C H a C ., L d. (臨海慈寧醫院有限公司), a c a e ab ed e PRC ed ab Dece be 11, 2020, e f e C a y d ec y ed b d a e
Na Y H a	Na Y H a C ., L d. (南京怡寧醫院有限公司), a c a e ab ed e PRC ed ab J e 22, 2018, e f e C a y d ec y ed b d a e
P y a C a e Y H a	P y a C a e Y H a C ., L d. (平陽長庚怡寧醫院有限公司), a c a e ab ed e PRC ed ab Ja a 14, 2021, e f e C a y y ed b d a e
P y a Ka H a	P y a Ka H a C ., L d (平陽康寧醫院有限公司), a c a e ab ed e PRC N e be 2, 2015, e f e C a y d ec y ed b d a e
P a Y H a	P a Y H a fe H a C ., L d. (浦江怡寧黃鋒醫院有限公司), a c a e ab ed e PRC

Paid Interim Dividend per share of RMB1.50 (after tax) on 10 September 2024 by the Company at the EGM adopted the Interim Dividend of 1.50 per share.

Qinghai Hailu Company, Limited (衢州怡寧醫院有限公司), incorporated in the PRC, was established on 20, 2015, for the purpose of operating and managing the business.

Qinghai Kangning Company, Limited (青田康寧醫院有限公司), incorporated in the PRC, was established on 1, 2011, for the purpose of operating and managing the business.

RMB is the official currency of the PRC.

Sales revenue is calculated based on the actual sales of the Company of RMB1.00 each, and the net sales revenue is calculated based on the net sales revenue.

Sales revenue is calculated based on the net sales revenue.

Shenzhen Yihai Company, Limited (深圳怡寧醫院有限公司), incorporated in the PRC, was established on 1, 2015, for the purpose of operating and managing the business.

Y P c
I e e H a

Y P c I e e H a (We z) C .,
L d. (怡寧心理互聯網醫院(溫州)有限公司), a c a
e ab ed e PRC ed ab Ma c
10, 2020, e f e C a y d ec y y ed
b d a e

Y a Ka H a

Y a Ka H a C ., L d. (永嘉康寧醫院有限公
司), a c a e ab ed e PRC ed ab
Dece be 12, 2012, e f e C a y y y y ed
b d a e

Y e Ka H a

Y e Ka H a C ., L d. (樂清康寧醫院有限公
司), a c a e ab ed e PRC ed ab
Se e be 3, 2013, e f e C a y y y y ed
b d a e

Y e Y H a

Y e Y I e a ed T ad a C e e a d We e
Med c e H a C ., L d. (樂清怡寧中西醫結合醫院有
限公司), a c a e ab ed e PRC ed
ab A 4, 2006, e f e C a y d ec
y y y ed b d a e, e y a Y e
Ba -e C e e & We e Med c e H a L ed (樂
清邦爾中西醫結合醫院有限公司)

%

e ce a e a

B de f e B a d
Wenzhou Kangning Hospital Co., Ltd.
GUAN Weili
C a a

Z e a , e PRC
A 28, 2024

A f e da e f a ce e , e C a y e ec e D ec a e M . GUAN We ,
M . WANG L a y e a d M . WANG J a ; e -e ec e D ec a e M . QIN Ha a d
M . LI C a a ; a d e de e de -e ec e D ec a e M . ZHONG We a ,
M . JIN L a d M . CHAN Sa Ke H .