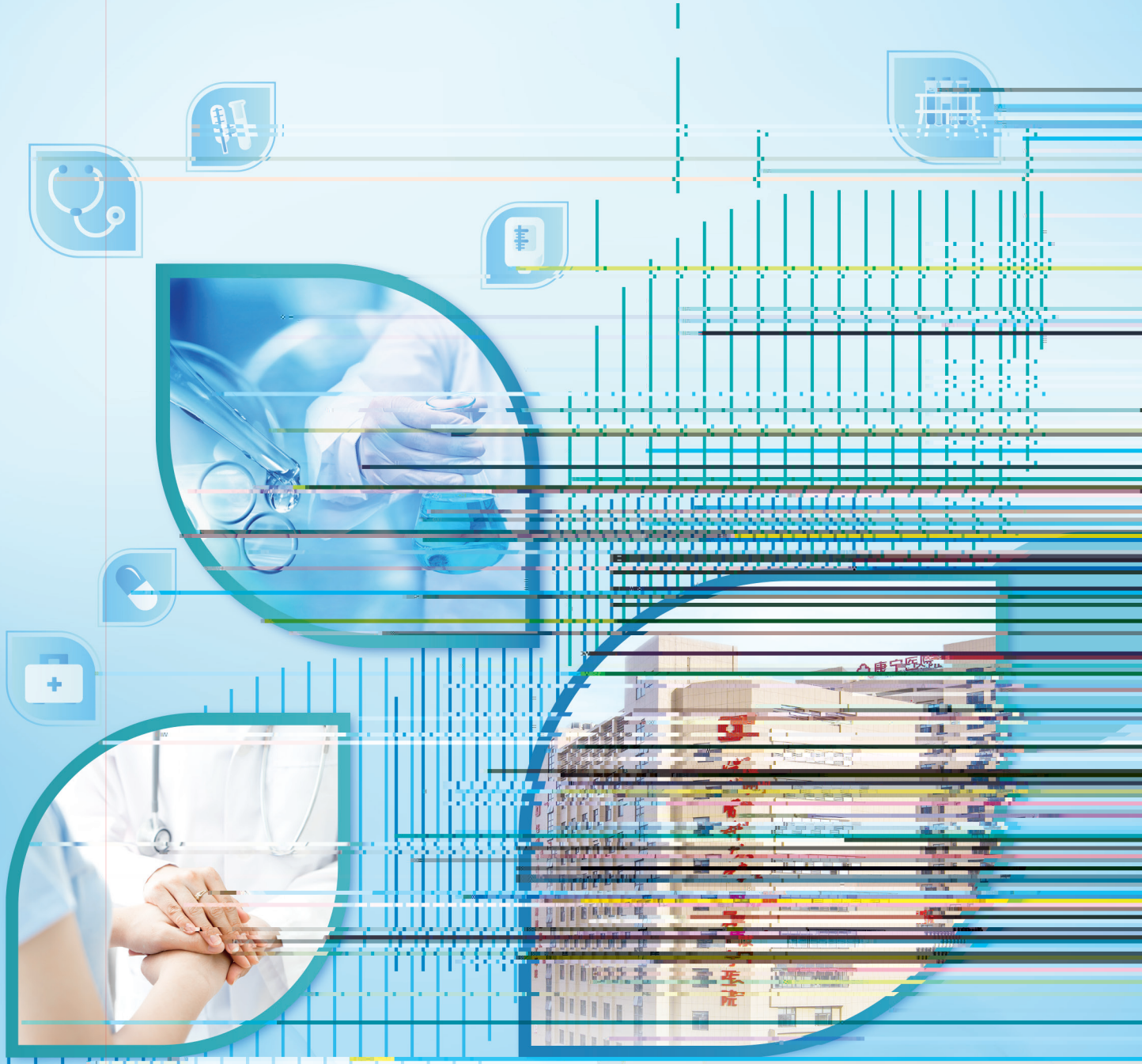
Kangning Hospital Co., Ltd.

(A joint stock limited liability company incorporated in the People's Repu



2024 ANNUAL REPORT

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DIRECTORS, SUPERVISORS AND SENIOROOT0S8A33RT	

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Board of Directors

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Mr. GUAN Weili *(Chairman)*
Ms. WANG Lianyue
Mr. WANG Jian

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Mr. QIN Hao
Mr. LI Changhao

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Ms. ZHONG Wentang
Ms. JIN Ling
Mr. CHAN Sai Keung Hugo

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Ms. ZHONG Wentang *(Chairman)*
Mr. LI Changhao
Ms. JIN Ling

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Mr. CHAN Sai Keung Hugo *(Chairman)*
Mr. GUAN Weili
Ms. JIN Ling

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Ms. JIN Ling *(Chairman)*
Ms. ZHONG Wentang
Mr. CHAN Sai Keung Hugo
Ms. WANG Jian

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Principal Place of Business in Hong Kong

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

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Principal Financial Data and Indicators

		F	D	31,	
	2024	2023	2022	2021	2020
	B'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Restated)	(Restated)
Revenue	1,654,289	1,596,266	1,484,903	1,297,430	989,012
Profit before income tax	68,099	99,182	15,605	95,691	83,509
Income tax expenses	17,702	12,250	26,574	54,831	30,662
Net profit	50,398	86,932	-10,969	40,860	52,847
Net profit attributable to shareholders of the Company	65,610	85,948	-24,221	44,036	64,961
Profit or loss attributable to non-controlling interests	-15,212	984	13,252	-3,176	-12,114

		A	D	31,	
	2024	2023	2022	2021	2020
	B'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Restated)	(Restated)
Total assets	3,004,953	3,047,687	2,637,787	2,377,955	2,161,262
Total liabilities	1,661,651	1,639,481	1,311,885	1,097,676	946,349
Total equity	1,343,302	1,408,206	1,325,903	1,280,279	1,214,913
Equity attributable to shareholders of the Company	1,223,013	1,265,065	1,201,585	1,208,264	1,122,248
Non-controlling interests	120,289	143,141	124,318	72,015	92,665

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Dear Shareholders,

First of all, on behalf of the Board of Directors of Wenzhou Kangning Hospital Co., Ltd., I am pleased to present the annual report of the Group for the year ended December 31, 2024.

In 2024, the world experienced a convergence of macroeconomic uncertainty and profound reforms in China’s healthcare industry, subjecting us to unprecedented challenges. Amid a backdrop of tightening regulatory policies, deepening medical insurance payment reforms, rapid expansion of the public healthcare system, and ongoing volatility in the capital market, the Group remained steadfast in our belief in long-term value. Guided by our core values of “Respecting Life and Serving Humbly,” we focused on the true essence of healthcare, deepened our expertise in the psychiatric health field, accelerated our expansion into elderly care services, and promoted the steady development of our owned hospitals through multidimensional initiatives, such as resource integration, asset allocation optimisation, operational efficiency improvement, service model innovation, and digital transformation.

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As the ancient saying goes, “If I reflect on myself and find myself to be right, even in the face of thousands, I go forth undeterred”. We believe that “it is in the fiercest storms that the strongest grass reveals its strength”. The more complex and difficult the environment, the more it refines a truly resilient and valuable healthcare brand. With determination, we strive to be long-distance runners in the pursuit of value, delivering consistent performance to reward our shareholders’ support, safeguarding every patient’s health through professional service and honouring the trust we have earned by creating sustainable value over time.

GUAN Weili
Chairman

Zhejiang, the PRC
April 22, 2025

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Business Review and Outlook

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Psychiatric Specialized Medical Service Industry

Mental health and psychiatric well-being, as major public health concerns and critical issues affecting people's livelihood, have become indispensable focus areas in the comprehensive advancement of the Healthy China strategy. At present, China is undergoing a period of accelerated social transformation marked by rapid socio-economic development and a faster pace of life. As a result, mental health problems have become increasingly prominent. Common psychiatric disorders such as anxiety and depression, along with psychological and behavioral issues, have shown a continuous upward trend year by year. Psychological stress events occur frequently, and incidents involving individuals with mental disorders remain a recurring concern. Meanwhile, China continues to face a shortage of qualified mental health professionals and a limited number of specialised medical institutions with uneven distribution, all of which hinder the ability to meet the growing demand for psychiatric healthcare services.

From a policy perspective, the state has placed increasing emphasis on mental health and introduced a series of policy initiatives to promote the development of the sector.

On October 25, 2016, the Central Committee of the Chinese Communist Party and the State Council issued the "Healthy China 2030 Planning Outline", which proposes to strengthen the construction and standardized management of mental health service system, increase the publicity of mental health awareness, improve mental health literacy, strengthen the intervention in common mental disorders such as depression and anxiety and psychological and behavioral problems, and improve early detection and timely intervention of psychological problems in key groups. It also proposes to enhance the report, registration and rescue management of patients with severe mental disorders, fully promote community rehabilitation services for mental disorders, and improve the intervention ability and level of treating psychological problems caused by emergencies. By 2030, the level of intervention in the prevention and treatment of common mental disorders as well as the detection of psychological and behavioral problems is expected to be significantly improved.

On December 18, 2019, 12 departments including the National Health Commission and Publicity Department issued the ina 3t, pward tr7ednd PuAdolcuet isntal health Co (3t, panni of(19, -2022)which prou inr prd tre statege)1( )]TJ0.0061Tc 0 -1.5 T

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Geriatric Healthcare Industry

As China's economy continues its rapid development and demographic shifts intensify, the challenge of population aging is becoming increasingly prominent. According to the latest data released by the National Bureau of Statistics, by the end of 2024, China's population aged 60 and above had exceeded 310 million, accounting for 22% of the total population. Based on current trends, the elderly population in China is expected to maintain significant growth in the coming years, bringing about profound transformation in the elderly healthcare sector.

With the surging number of elderly individuals, the demand for medical services is projected to grow explosively. In this context, the market size of China's elderly healthcare industry will continue to expand, maintaining a high growth rate

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On March 17, 2016, the General Office of the Communist Party of China Central Committee and the General Office of the State Council issued the Opinions on Establishing and Improving the Implementation Mechanism of the Outline of the National "13th Five-Year" Plan, which fosters social forces in establishing healthcare service institutions, propels equal treatment for non-profit private hospitals and public hospitals, and actively encourages the integration of medical services with elderly care provisions.

On October 25, 2016, the Communist Party of China Central Committee and the State Council issued the "Healthy China 2030 Planning Outline", which prioritizes enhancing health services for key demographics, promoting healthy aging, boosting the integration of medical and elderly care services, and providing the elderly with comprehensive health and elderly care services covering inpatient care during the treatment period, rehabilitation care, daily living support during stability, and hospice care. The document also encourages the establishment of integrated medical and elderly care institutions by social forces.

On January 25, 2017, the State Council issued the Notice on the National Population Development Plan (2016-2030), highlighting the imperative to speed up the enhancement of the system for elderly care services rooted in home-based support, bolstered by community resources, supplemented by institutional aid, and incorporated with medical care services and expand the availability of elderly care services and products, in response to the accelerating trend of population aging.

On January 9, 2017, the State Council issued the Notice on the "13th Five-Year Plan" for Deepening the Reform of Pharmaceutical and Healthcare Systems, which explicitly supports the establishment of integrated medical and elderly care institutions by social forces.

On March 6, 2017, the State Council issued the "13th Five-Year Plan" for National Elderly Care Services Development and

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On June 21, 2017, the National Development and Reform Commission issued the Service Sector Innovation Development Outline (2017-2025), endorsing the establishment of elderly care service institutions by social forces. It particularly advocates for the establishment of integrated medical and elderly care institutions catering to partially or fully disabled, cognitively impaired, and elderly individuals, while promoting standardized, professional, and chain-operated services.

On August 21, 2017, the Ministry of Finance, the Ministry of Civil Affairs, and the Ministry of Human Resources and Social Security jointly issued the Implementation Opinions on Utilizing the Government and Social Capital Cooperation Model to Support the Development of the Elderly Care Service Industry. It advocates vigorously promoting government and social capital cooperation to facilitate structural reforms on the supply side of the elderly care service sector, optimizing the utilization of financial resources in the elderly care service domain, and harnessing the leading role of social forces.

On June 21, 2018, 11 departments, including the National Health Commission and the National Development and Reform Commission, jointly issued the Notice on Issuing Guiding Opinions to Promote the Reform and Development of the Nursing Service Industry. It clearly guides and encourages social forces to engage in the nursing service sector through various forms, expanding the supply of nursing services and effectively enhancing service quality and efficiency. By encouraging and promoting social forces to organize nursing institutions or transform some primary and secondary hospitals, it aims to stimulate market vitality and expand the provision of services such as elderly care, care for the disabled, rehabilitation nursing, maternity and infant care, and palliative care.

On July 15, 2019, the State Council issued the Opinions on Implementing the Healthy China Action, emphasizing the need to improve the elderly healthcare service system, enhance policies for home and community-based elderly care, promote the integration of medical and elderly care, explore long-term care insurance systems, create age-friendly environments for the elderly, and achieve healthy aging.

On November 18, 2021, the State Council issued the Opinions on Strengthening the Work on the Elderly in the New Era, proposing the establishment of an elderly care service system and a health support system that coordinate home and community institutions and combine medical care and health care. It also advocates for the vigorous development of inclusive elderly care services, and the promotion of balanced allocation of resources. By the end of 2025, each county (city, district, banner) will have at least one county-level service institution for the support of needy elderly individuals with integrated medical and elderly care functions. It supports the transformation of secondary and below medical institutions in areas rich in medical resources, to provide rehabilitation, nursing, and integrated medical and elderly care services. Encouragement is given for medical and health institutions to cooperate with elderly care institutions through agreement, further integrating and optimizing grassroots medical and health resources, and providing medical treatment, rehabilitation nursing, and daily care services.

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On March 13, 2021, the Fourth Session of the Thirteenth National People's Congress voted to pass the Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035, proposing to promote the coordinated development of the elderly care industry and elderly care services, improve the basic elderly care service system, vigorously develop inclusive elderly care services, support families in undertaking elderly care functions, and build an elderly care service system that coordinates home and community institutions and combines medical care and health care. It also emphasized enhancing elderly health services and advancing the integration of medical care and health care.

On December 30, 2021, the State Council issued the "14th Five-Year Plan" for the National Elderly Care Services Development and Elderly Care Service System, explicitly stating the vigorous development of inclusive elderly care services, fully mobilizing the enthusiasm of social forces to provide convenient, affordable, and quality-guaranteed elderly care services for the people.

On February 7, 2022, 15 departments, including the National Health Commission, Ministry of Education, and Ministry of Science and Technology, jointly issued the "14th Five-Year Plan" for Healthy Aging, calling for vigorous promotion of the development of new industries, new formats, and new business models in the field of elderly health. It also proposed that local governments incorporate elderly health planning into the overall economic and social development plan, making the promotion of the elderly health industry and its development an important way to deepen supply-side structural reforms and improve people's well-being.

On May 21, 2023, the General Office of the Central Committee of the Chinese Communist Party and the General Office of the State Council issued the Opinions on Promoting the Construction of the Basic Elderly Care Service System, emphasizing the fundamental role of basic elderly care services in ensuring that the elderly are properly cared for. Advancing the construction of the basic elderly care service system is a crucial task in implementing proactive strategies to address population aging and achieving equal access to basic public services. It also calls for the implementation of preferential policies to support the development of elderly care services and encourages social participation in providing basic elderly care services.

On January 15, 2024, the General Office of the State Council issued the Opinions on Developing the Silver Economy to Enhance the Well-being of the Elderly, presenting 26 measures across 4 aspects. This marks the first specialized document issued by the state to support the development of the silver economy. The document highlights that the silver economy encompasses a wide range of economic activities aimed at providing products or services to the elderly and preparing for the aging stage, with broad coverage, long industrial chains, diverse business models, and enormous potential.

On December 12, 2024, the National Health Commission, in collaboration with the Ministry of Civil Affairs, the National Healthcare Security Administration, the National Administration of Traditional Chinese Medicine, and the National Disease Control and Prevention Administration, jointly issued the Guiding Opinions on Promoting the High-Quality Development of Integrated Medical and Elderly Care Services (《關於促進醫養結合服務高質量發展的指導意見》). The document clearly outlines the comprehensive advancement of high-quality integrated medical and elderly care services, aiming to improve the health and well-being of the elderly population, promote healthy aging, and establish a multi-tiered, comprehensive elderly healthcare and support system.

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In 2024, China's medical industry underwent structural adjustments amid multiple challenges. In the past year, amid the slowdown in global economic growth and the complicated and volatile external environment, coupled with the continued advancement of the reforms in medical insurance payment methods by the National Healthcare Security Administration, higher expectations and requirements have been placed on the medical industry. In the short to medium term, under the influence of multiple factors such as intensified peer competition, expansion of public hospitals and tightened medical insurance payment policies, the industry ecology of private hospitals was undergoing systematic restructuring. During the Reporting Period, with the strategic objective of "improving quality and efficiency, and seeking progress while maintaining stability (提質增效、穩中求進)", the Group focused on group-based resource integration, deeply explored

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During the Reporting Period, established owned hospitals such as Wenzhou Kangning Hospital, Qingtian Kangning Hospital and Yongjia Kangning Hospital developed steadily. The results of two hospitals, namely Changchun Kanglin Psychological Hospital and Huainan Kangning Hospital grew rapidly year-on-year, making them the growth drivers for the Group's owned hospitals outside of Zhejiang Province. On the other hand, primarily due to the medical insurance settlement differences, structural adjustment to service models and market competition, the performance of some owned hospitals in the Taizhou and Haixi regions declined year-on-year. In addition, Shenzhen Yining Hospital and Chengdu Yining Hospital, which had been making losses, managed to reduce losses through active business structure optimization and operating cost reduction, leading to gradual improvement in operational conditions. However, Beijing Yining Hospital and Jinyun Shuning Hospital, primarily due to an unstable management team and high operational costs, have significantly underperformed expectations. The Group has redeveloped the operation plans for both hospitals in an effort to turn the situation around.

Elderly Healthcare Business

Expansion and synergy of the elderly healthcare sector

Under the macro environment of the accelerating aging of China's population, the deepening of the national "healthy aging (老齡健康)"

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Prospect

In 2025, China continues to make efforts in the process of diversifying the healthcare system reform, deeply implementing comprehensive reforms in the medical and healthcare sector. On the supply side, China continues to encourage social forces

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Revenue and cost of revenue from operating its owned hospitals

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

The table below sets forth a breakdown of the Billing Revenue of the Group's owned hospitals adjusted to operating revenue by psychiatric healthcare business and elderly healthcare business for the periods indicated:

	F D 2024 (B'000)	31, 2023 (RMB'000)
B ,	1,582,054	1,537,406
Including: Revenue from psychiatric healthcare business	1,107,269	1,095,073
Revenue from elderly healthcare business	474,785	442,333
:	64,281	52,245
,	1,517,773	1,485,161

For the Reporting Period, the Group's Billing Revenue from its owned hospitals amounted to RMB1,582.1 million, representing an increase of 2.9% as compared with 2023, which was mainly due to an increase in treatment and general healthcare services revenue driven by higher outpatient visits and inpatient visits. During the Reporting Period, the variable considerations amounted to RMB64.3 million, representing an increase of RMB12.0 million from 2023, the proportion of the variable considerations to Billing Revenue increased to 4.1% (2023: 3.4%).

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

	F D 31,	
	2024 (B'000)	2023 (RMB'000)
B , ,	1,107,269	1,095,073
Cost of revenue	745,959	736,163
Gross profit	361,310	358,910
B , ,	474,785	442,333
Cost of revenue	379,458	371,757
Gross profit	95,327	70,576

During the Reporting Period, Billing Revenue from the Group's owned hospitals amounted to RMB1,582.1 million, representing an increase of RMB44.6 million as compared with 2023, mainly due to the increase in Billing Revenue from Wenzhou Kangning Hospital, Wenzhou Ouhai Yining Geriatric Hospital, Yongjia Kangning Hospital, Yueqing Yining Hospital and Cangnan Yining Hospital, as well as the increment arising from newly acquired Loudi Kangning Hospital, Dongkou Leining Hospital and Chengdu Yining Hospital. During the Reporting Period, the gross profit of the Group's owned hospitals on Billing Revenue basis increased by 6.3% as compared with 2023, mainly due to the increase in inpatient bed-days while controlling costs.

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

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	F D 31, 2024	2023
Inpatient bed as at period end	8,928	8,728
Effective inpatient service bed-day capacity	3,267,648	3,185,720
Utilization rate *(%)*	88.4	85.9
Number of inpatient bed-days	2,889,163	2,736,235
Treatment and general healthcare services revenue attributable to inpatients *(RMB'000)*	844,076	841,617
Average inpatient spending per bed-day on treatment and general healthcare services *(RMB)*	292	308
Pharmaceutical sales revenue attributable to inpatients *(RMB'000)*	89,656	87,951
Average inpatient spending per bed-day on pharmaceutical sales *(RMB)*	31	32
, (B'000)	933,732	929,568
- (B)	323	340
,		
Number of outpatient visits	474,581	395,277
Treatment and general healthcare services revenue attributable to outpatients *(RMB'000)*	45,078	45,025
Average outpatient spending per visit on treatment and general healthcare services *(RMB)*	95	114
Pharmaceutical sales revenue attributable to outpatients *(RMB'000)*	128,459	120,480
Average outpatient spending per visit on pharmaceutical sales *(RMB)*	271	305
, , (B'000)	173,537	165,505
, (B)	366	419
, (B'000)	889,154	886,642
, , (B'000)	218,115	208,431

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During the Reporting Period, inpatient Billing Revenue from the psychiatric healthcare business amounted to RMB933.7 million, representing an increase of 0.4% as compared with 2023, mainly due to the increase in the number of inpatient bed-days of Yongjia Kangning Hospital, Qingtian Kangning Hospital and Jinyun Shuning Hospital as well as the increase of 5.6% in the number of bed-days under the psychiatric healthcare business driven by the newly acquired Loudi Kangning Hospital, Dongkou Lening Hospital and Chengdu Yining Hospital in 2023. The spending per bed-day under the psychiatric healthcare business decreased by 5.0% driven by Wenzhou Kangning Hospital, Cangnan Kangning Hospital and Chun'an Kangning Hospital. Inpatient Billing Revenue from the psychiatric healthcare business accounted for 84.3% (2023: 84.9%) of the Billing Revenue from the psychiatric healthcare business.

During the Reporting Period, outpatient Billing Revenue from the psychiatric healthcare business amounted to RMB173.5 million, representing an increase of 4.9% as compared with 2023, mainly attributable to the decrease of 12.6% in the average outpatient spending per visit together with the increase of 20.1% in the number of outpatient visits. Outpatient Billing Revenue from the psychiatric healthcare business accounted for 15.7% (2023: 15.1%) of the Billing Revenue from the psychiatric healthcare business.

During the Reporting Period, as both the inpatient and outpatient segments under the psychiatric healthcare business grew, the Billing Revenue from treatment and general healthcare services under the psychiatric healthcare business increased by 0.3% as compared with 2023, with its proportion to the Billing Revenue from the psychiatric healthcare business dropping to 80.3% (2023: 81.0%), and the Billing Revenue from pharmaceutical sales under the psychiatric healthcare business increased by 4.6% as compared with 2023, accounting for 19.7% (2023: 19.0%) of the Billing Revenue from the psychiatric healthcare business. In particular, the proportion of inpatient Billing Revenue from pharmaceutical sales to the total inpatient Billing Revenue increased to 9.6% (2023: 9.5%), and the proportion of outpatient Billing Revenue from pharmaceutical sales to the total outpatient Billing Revenue increased to 74.0% (2023: 72.8%).

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	F D 31, 2024	2023
Inpatient bed as at period end	2,580	2,540
Effective inpatient service bed-day capacity	944,280	927,100
Utilization rate *(%)*	96.1	79.3
Number of inpatient bed-days	907,255	735,131
Treatment and general healthcare services revenue attributable to inpatients *(RMB'000)*	346,074	304,856
Average inpatient spending per visit on treatment and general healthcare services *(RMB)*	382	415
Pharmaceutical sales revenue attributable to inpatients *(RMB'000)*	93,599	84,639
Average inpatient spending per bed-day on pharmaceutical sales *(RMB)*	103	115
, (B'000)	439,673	389,495
- (B)	485	530
,		
Number of outpatient visits	83,661	105,293
Treatment and general healthcare services revenue attributable to outpatients *(RMB'000)*	15,632	23,174
Average outpatient spending per visit on treatment and general healthcare services *(RMB)*	187	220
Pharmaceutical sales revenue attributable to outpatients *(RMB'000)*	19,480	29,664
Average outpatient spending per visit on pharmaceutical sales *(RMB)*	233	282
, , (B'000)	35,112	52,838
, (B)	420	502
, (B'000)	361,706	328,030
, , (B'000)	113,079	114,303

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During the Reporting Period, the cost of revenue of the Group's owned hospitals increased to RMB1,125.4 million, representing an increase of 1.6% as compared with 2023. It was mainly due to: (i) the decrease of 7.0% of costs of pharmaceuticals and consumables as compared with 2023; (ii) the increase of 6.8% in employee benefits and expenses arising from the increase in beds in operation of owned hospitals; and (iii) depreciation and amortization of long-term assets increased by 4.9% as compared with 2023.

From the cost portfolio structure perspective, the proportion of pharmaceuticals and consumables used in the cost of revenue of owned hospitals decreased to 30.2% (2023: 33.0%).

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During the Reporting Period, consolidated gross profit margin of the Group increased to 26.5% (2023: 25.8%), of which the gross profit margin of owned hospitals businesses increased by 0.5 percentage points from 2023.

Tax and Surcharge

During the Reporting Period, the tax and surcharge of the Group amounted to RMB12.3 million (2023: RMB6.5 million), mainly due to an increase in property tax of self-owned properties of RMB4.9 million as compared with 2023.

Selling Expenses

During the Reporting Period, the selling expenses of the Group amounted to RMB10.0 million (2023: RMB17.1 million). The proportion of selling expenses to the revenue from operating owned hospitals of the Group decreased to 0.7% (2023: 1.2%).

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:

	F D 2024 (B'000)	31, 2023 (RMB'000)
Employee benefits and expenses	133,002	117,426
Depreciation and amortization	30,792	29,101
Consultancy expenses	9,037	19,853
Travelling expenses	4,978	4,725
Others	49,537	41,921
	227,346	213,026

During the Reporting Period, the administrative expenses of the Group amounted to RMB227.3 million, representing an increase of 6.7% as compared with 2023, which was mainly due to an increase in employee benefits and expenses of 13.3% as compared with 2023. The proportion of the administrative expenses to the revenue from operating owned hospitals of the Group was 15.0% (2023: 14.3%).

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Research and Development Expenses

During the Reporting Period, the Group's research and development expenses mainly consisted of clinical research, development of informatization software and construction of Internet hospital platform. The table below sets forth the breakdown of the Group's research and development expenses for the periods indicated:

	F D 2024 (B'000)	31, 2023 (RMB'000)
Clinical research	25,088	20,552
Development of informatization software	9,827	8,436
Construction of Internet hospital platform	1,604	3,427
Others		51
	36,519	32,466

During the Reporting Period, the Group's research and development expenses amounted to RMB36.5 million (2023: RMB32.5 million), representing an increase of 12.5% as compared with 2023. The proportion of research and development expenses to the revenue from operating owned hospitals of the Group increased to 2.4% (2023: 2.2%), mainly due to increased research funding support to Zhejiang Provincial Clinical Research Center for Mental and Psychological Disorders.

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Finance Expenses – Net

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

	F D 31,	
	2024	2023
	(B'000)	(RMB'000)
Interest income	-3,123	-5,266
Foreign exchange gains/losses	157	-4
Bank borrowing interest expense	33,143	30,180
Interest expenses on lease liabilities	8,458	9,755
Interest expenses on finance leases	7,900	5,694
Others	1,058	1,093
F .	47,593	41,452

During the Reporting Period, the net finance expense of the Group amounted to RMB47.6 million, representing an increase of RMB6.1 million as compared with 2023, mainly due to bank borrowing interest expense and interest expense arising from finance leases increased by RMB5.2 million in aggregate as compared with 2023.

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Investment Gains/Losses

Our investment gains/losses consist of the share of investment losses accounted for under the equity method and gains on disposal of long-term equity investments. The table below sets forth the breakdown of our investment gains/losses for the periods indicated:

	F D 31,	
	2024	2023
	(B'000)	(RMB'000)
Share of investment losses accounted for under the equity method	-1,089	-6,465
Gains on disposal of long-term equity investments	1,844	698
Investment gains on disposal of financial liabilities held for trading	.	-300
	755	-6,067

During the Reporting Period, our investment gains amounted to RMB0.8 million.

Credit Impairment Losses

During the Reporting Period, credit impairment losses amounted to RMB26.5 million (2023: RMB9.4 million).

Asset Impairment Losses

During the Reporting Period, asset impairment losses amounted to RMB16.5 million (2023: nil), mainly including provision for impairment of long-term equity investments in Chongqing Hechuan Kangning Hospital Co., Ltd. of RMB10.8 million and provision for impairment of goodwill of RMB5.7 million.

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Non-Operating Income and Non-Operating Expenses

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

	F D 2024 (B'000)	31, 2023 (RMB'000)
Government grants	86	566
Donations received	47	5,975
Other non-operating income	1,396	3,004
-	1,529	9,545
Losses on scrapping of non-current assets	1,117	291
Donation expenses	2,698	4,494
Expenses on medical disputes	2,669	3,830
Other non-operating expenses	2,299	3,201
-	8,783	11,816

During the Reporting Period, the non-operating income of the Group amounted to RMB1.5 million, representing a decrease of RMB8.0 million as compared with 2023, mainly due to the decrease of RMB5.9 million in donations received as compared with 2023. During the Reporting Period, the non-operating expenses of the Group decreased RMB3.0 million as compared with 2023, mainly due to the decrease of RMB1.2 million in expenses on medical disputes as compared with 2023 and the decrease of RMB1.8 million in donation expenses as compared with 2023.

Income Tax Expense

During the Reporting Period, income tax expense amounted to RMB17.7 million (2023: RMB12.3 million), representing an increase of 44.5% as compared with 2023. In 2024 and 2023, our effective tax rate was 26.0% and 12.4%, respectively.

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Inventory

As of December 31, 2024, the balance of inventory amounted to RMB50.6 million (as of December 31, 2023: RMB60.6 million), mainly including the medical inventory and turnover materials.

Accounts Receivable

As of December 31, 2024, the balance of accounts receivable amounted to RMB571.8 million (as of December 31, 2023: RMB420.4 million), representing an increase of 36.0% as compared with the balance as of December 31, 2023, mainly attributable to the increase in the amount reserved in the year-end final accounts as a result of the decrease in the daily pre-settlement amount due to the change in pre-settlement rules of the medical insurance plan.

During the Reporting Period, accounts receivable turnover days of the Group's business of owned hospitals were 54 days (2023: 46 days).

Other Receivables and Prepayments

As of December 31, 2024, other receivables and prepayments increased to RMB96.1 million (as of December 31, 2023: RMB79.5 million).

Long-term Equity Investments

As of December 31, 2024, the balance of long-term equity investments amounted to RMB99.4 million (as of December 31, 2023: RMB139.1 million), mainly due to the disposal of equity interests of Zhejiang Huangfeng Hospital Management Co., Ltd. for RMB21.6 million by the Group during the Reporting Period and the provision for impairment of investment in Chongqing Hechuan Kangning Hospital Co., Ltd. for RMB10.8 million.

Other Non-current Financial Assets

As of December 31, 2024, the balance of other non-current financial assets amounted to RMB36.8 million (as of December 31, 2023: RMB65.1 million), representing the Group's investment in Chongqing Jinpu Medical & Health Service Industry Equity Investment Fund Partnership (Limited Liabilities Partnership)(重慶金浦醫療健康服務產業股權投資基金合夥企業(有限合夥)).

Fixed Assets

As of December 31, 2024, the balance of fixed assets amounted to RMB889.5 million (as of December 31, 2023: RMB794.9 million), and the increase in fixed assets was mainly due to the transfer of properties of RMB115.9 million from construction in progress to fixed assets for the new construction project of Linhai Cining Hospital during the Reporting Period.

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Construction in Progress

As of December 31, 2024, the balance of construction in progress amounted to RMB185.2 million (as of December 31, 2023: the balance of construction in progress amounted to RMB187.0 million). The construction in progress mainly refers to the new construction project of Lucheng Yining Hospital and the new construction project of Longquan Kangning Hospital.

Right-of-use Assets

As of December 31, 2024, right-of-use assets decreased to RMB161.8 million (as of December 31, 2023: RMB189.1 million), mainly due to the depreciation of right-of-use assets of RMB36.1 million.

Intangible Assets

As of December 31, 2024, intangible assets decreased to RMB291.5 million (as of December 31, 2023: RMB320.3 million), mainly attributable to the provision for amortization of medical practicing qualification of RMB24.9 million during the Reporting Period.

Goodwill

As of December 31, 2024, goodwill decreased to RMB114.2 million (as of December 31, 2023: RMB119.9 million), mainly due to the impairment of goodwill of Jinyun Shuning Hospital and Heze Yining Hospital of RMB5.7 million.

Long-term Prepaid Expenses

As of December 31, 2024, long-term prepaid expenses decreased to RMB150.4 million (as of December 31, 2023: RMB175.9 million), mainly attributable to the new decoration expenses of RMB11.6 million and the amortization of decoration costs of RMB36.9 million during the Reporting Period.

Deferred Tax Assets

As of December 31, 2024, deferred tax assets increased to RMB56.2 million (as of December 31, 2023: RMB45.1 million), mainly due to the increase in deferred tax assets of RMB6.5 million as a result of the increase in deductible losses.

Accounts Payable

As of December 31, 2024, accounts payable increased to RMB131.9 million (as of December 31, 2023: RMB110.1 million).

Receipts in Advance and Contract Liabilities

As of December 31, 2024, receipts in advance and contract liabilities increased to RMB21.3 million (as of December 31, 2023: RMB26.6 million).

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Other Payables

As of December 31, 2024, other payables decreased to RMB81.3 million (as of December 31, 2023: RMB150.3 million), mainly due to the completion of settlement of outstanding construction payments for the new construction projects of three owned hospitals, namely Quzhou Yining Hospital, Longquan Kangning Hospital and Linhai Cining Hospital.

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

	F D 2024 (B'000)	31, 2023 (RMB'000)
Net cash generated from operating activities	99,639	265,033
Net cash used in investing activities	-172,055	-215,017
Net cash generated from financing activities	-76,917	96,107
Net decrease/increasetivi Td96,1 3/GS1s B'		

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Significant Investment, Acquisition and Disposal

The Group had no significant investment, acquisition and disposal during the Reporting Period.

As of the Latest Practicable Date, the Group did not receive any specific plan with authorization from the Board on significant investment in or acquisition of capital assets.

Bank Borrowings

As of December 31, 2024, the balance of bank borrowings of the Group amounted to RMB946.2 million (as of December 31, 2023: RMB864.7 million), primarily attributable to repayment of borrowings of RMB367.0 million and an increase in borrowings of RMB448.5 million during the Reporting Period.

Contingent Liabilities

As of December 31, 2024, the Group did not have any contingent liability or guarantee that would have a material impact on the financial position or operation of the Group.

Asset Pledge

During the Reporting Period, the Group's Wenzhou Kangning Hospital pledged real estate property with certificate number of Wenfang Quanzheng Lucheng District No. 826751, Wenfang Quanzheng Lucheng District No. 826750, Zhe (2016) Wenzhou Real Estate Rights No. 0010144, Zhe (2016) Wenzhou Real Estate Rights No. 0010142, Zhe (2021) Wenzhou Real Estate Rights No. 0081628, Wen Guo Yong (2015) No. 1-11836, and Wen Guo Yong (2015) No. 1-11833 to Minsheng Bank Wenzhou Longwan Sub-branch, and Zhe (2017) Cangnan County Real Estate Rights No. 0018361 to ICBC Bank Ouhai Sub-branch for obtaining bank loans. As of December 31, 2024, the balance of such pledged borrowings amounted to RMB430.7 million. Lucheng Yining Hospital pledged the real estate property with certificate number of Zhe (2020) Wenzhou Real Estate Rights No. 0068897 to BOCOM Wenzhou Commercial City Sub-branch. As of December 31, 2024, the balance of such pledged borrowing amounted to RMB115.6 million. Jinyun Shuning Hospital pledged the real estate property with certificate number of Zhe (2022) Jinyun Real Estate Rights No. 0002503 and the buildings and other attachments on the ground with certificate number of Jian Zi No. 331122202000043 to Zhejiang Jinyun Rural Commercial Bank Wuyun Sub-branch. As of December 31, 2024, the balance of such pledged borrowing amounted to RMB25.0 million. Quzhou Yining Hospital pledged the real estate property with certificate number of Zhe (2022) Quzhou Real Estate Rights No. 0045588 to China CITIC Bank Wenzhou Renmin Road Sub-branch. As of December 31, 2024, the balance of such pledged borrowing amounted to RMB58.3 million.

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Lease Liabilities

The lease liabilities of the Group primarily consist of operating lease arrangements. As of December 31, 2024, the present value of unsettled lease payments under non-cancellable lease agreements, after deducting an amount of RMB26.7 million which is due within one year, was RMB151.3 million.

Financial Instruments

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

Exposure to Fluctuation in Exchange Rates

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

As of December 31, 2024, the Group did not use any derivative financial instruments to hedge against its exposure to exchange rate risk. The management of the Company manages the exchange rate risk by closely monitoring the movement of foreign currency rates, and will consider hedging against significant foreign currency exposures should such need arise.

Gearing Ratio

As of December 31, 2024, the Group's gearing ratio (total liabilities divided by total assets) increased to 55.3% (as of December 31, 2023: 53.8%).

Employees and Remuneration Policy

As of December 31, 2024, the Group had a total of 4,869 full-time employees (as of December 31, 2023: 4,765 full-time employees). During the Reporting Period, employees' remuneration (including salaries and other forms of employee benefits) amounted to approximately RMB644.1 million (2023: RMB607.4 million). The average remuneration of our employees amounted to RMB132.3 thousand per year (including expenses on social insurance scheme and housing provident fund scheme borne by the Group). Remuneration of an employee is determined with reference to the salary level in the same industry and the qualifications, experience and performance of such employee.

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Equity Incentive Scheme

In order to fully mobilize the enthusiasm of senior management and core technical personnel of the Group, the Company has formulated the Equity Incentive Scheme for the Year 2018 of Wenzhou Kangning Hospital Co., Ltd. (the "L ,), which was considered and approved at the annual general meeting of the Company for the year 2017 convened on June 13, 2018. In order to meet the requirement of ascertained share capital for the Company's A share listing application in the future, the Board of the Company considered and approved the resolutions regarding, among others, further amendments to the Equity Incentive Scheme to cancel the performance assessment requirements and the Company's obligation to repurchase the locked incentive shares under the Equity Incentive Scheme, at the Board meeting held on June 24, 2021. Unless otherwise specified, capitalized terms used hereinafter shall have the same meanings as those defined in the announcement of the Company dated May 29, 2018, the supplementary circular dated May 30, 2018, the circular dated May 14, 2021, the announcement dated June 18, 2021 and the announcement dated June 25, 2021.

Under the Equity Incentive Scheme, participants of the first actual grant comprised a total of 165 persons, with 1,818,529 incentive shares being granted. Participants of the second phase of the actual grant comprised a total of 23 persons, with 180,516 incentive shares being granted. Participants (including connected persons) of the third phase of the actual grant comprised a total of 13 persons, with 540,229 incentive shares being granted. As of the date of this annual report, a total of 8 participants exited, corresponding to a total of 79,274 incentive shares. As of the date of this annual report, participants of the actual grant under the Equity Incentive Scheme comprised 193 persons, and all 2,460,000 incentive shares proposed to be granted had been granted. The incentive shares granted accounted for 3.39% of the total issued share capital of the Company as of the date of this annual report, and were unlocked at one time after 48 months from the date of grant at the grant price of RMB10.47 per share.

As all 2,460,000 incentive shares proposed to be granted under the Equity Incentive Scheme had been granted before June 18, 2021, the number of awards to be granted separately at the beginning and the end of the Reporting Period with the authorization under the Equity Incentive Scheme was nil. Therefore, there were no shares available for issuance under the Equity Incentive Scheme as at the date of this annual report.

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The details of the Equity Incentive Scheme are as follows:

(1) Purposes

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

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

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

The Company will set up the employees' shareholding platform through the formation of a limited partnership,

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

(a) Validity period of the Equity Incentive Scheme

The validity period of the Equity Incentive Scheme shall be 10 years from the date of approval at the annual general meeting for the year 2017 (i.e. April 26, 2018), unless it is terminated in accordance with the relevant provisions of the Equity Incentive Scheme. As of the date of this report, the remaining validity period of the Equity Incentive Scheme is approximately 3 years.

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

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

(c) Unlocking period arrangement of the Equity Incentive Scheme

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

(5) Granting procedures of the Equity Incentive Scheme

(i) The general partner of the Partnership and the Participants shall sign the Partnership agreement to stipulate the rights and obligations of both parties.

(ii) The Company will issue the "Demand Note" to the Participants on the date of grant.

(iii) The Participants will sign the "Demand Note" and return one of the originals to the Company.

(iv) Within the period specified by the Company, the Participants will pay the funds used to subscribe for Incentive Shares (calculated based on the grant price) to the accounts designated by the Company according to the requirements of the Company.

(v) The Company will prepare a management register of the Equity Incentive Scheme according to the entering into of agreements and subscription by the Participants, setting out names of Participants, number of Shares granted, date of grant, amount of payment and the sequential number of Partnership agreements, etc.

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During the year ended December 31, 2024, the changes in the Incentive Shares granted under the Equity Incentive Scheme were as follows:

/C G	D G	D (D)	(B/)	B G G , 1, 2024	B G , 1, 2024	G ( ) C G ( ) , , , ,	B G , D 31, 2024
Director							
Ms. WANG Lianyue	June 18, 2021	June 28, 2022	10.47	–	248,328	– – – –	–
Supervisor							
Mr. XIE Tiefan	June 18, 2021	June 28, 2022	10.47	–	4,776	– – – –	–
Others							
Mr. XU Yi (Spouse of Ms. WANG Hongyue)	June 18, 2021	June 28, 2022	10.47	–	28,653	– – – –	–
Ms. WANG Hongyue (Younger Sister of Ms. WANG Lianyue)	June 18, 2021	June 28, 2022	10.47	–	95,511	– – – –	–
Ms. WANG Biyu (Resigned) (Niece of Ms. WANG Lianyue and Ms. WANG Hongyue)	June 18, 2021	June 28, 2022	10.47	–	4,776	– – – –	–
Ms. XU Qunyan (Resigned) (Younger Sister of Mr. XU Yi)	June 18, 2021	June 28, 2022	10.47	–	4,776	– – – –	–
Mr. GUAN Weilu (Younger Brother of Mr. GUAN Weili)	June 18, 2021	June 28, 2022	10.47	–	19,102	– – – –	–
Mr. SUN Fangjun (Resigned)	June 18, 2021	June 28, 2022	10.47	–	14,327	– – – –	–
Mr. SUN Hongbo (Nephew of Ms. WANG Lianyue and Ms. WANG Hongyue)	June 18, 2021	June 28, 2022	10.47	–	30,563	– – – –	–

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/C G	D G	(D)	(B/)	, 1, 2024	, 1, 2024	D 31, 2024
Ms. ZHANG Linghui (Resigned) (Sister-in-law of Mr. GUAN Weili)	June 18, 2021	June 28, 2022	10.47			

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H Share Award and Trust Scheme

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

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

Under the H Share Award and Trust Scheme, the selected participants (including connected persons) of the first actual grant comprised a total of 36 persons, with 364,100 award shares being granted. The selected participants (including connected persons) of the second phase of the actual grant comprised a total of 36 persons, with 616,000 incentive shares being granted. The selected participants (including connected persons) of the third phase of the actual grant comprised a total of 52 persons, with 335,000 award shares being granted. As of the date of this annual report, a total of 7 participants exited, corresponding to a total of 75,000 award shares. As of the date of this annual report, the selected participants of the actual grant under the H Share Award and Trust Scheme comprised 101 persons, and a total of 1,240,100 award shares had been granted. The award shares granted accounted for approximately 1.71% of the total issued share capital of the Company (excluding treasury shares) as of the date of this annual report. For details of the grant plan, please refer to the circular of the Company dated September 8, 2023 and the announcements of the Company dated September 27, 2023, April 12, 2024, April 23, 2024 and June 18, 2024.

As at the beginning of the Reporting Period, 3,730,015 award shares were available for grant under the H Share Award and Trust Scheme, and as at the end of the Reporting Period, 2,039,000 award shares were available for grant under the H Share Award and Trust Scheme.

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A summary of the H Share Award and Trust Scheme is as follows:

Purposes

a) To attract, motivate and retain extensively skilled and experienced "core backbone members of the technicians and management" to continuously strive for the continuing operation and development of the Company in the future;

b) To deepen the reform on the Company's remuneration system, and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and

c) To recognize the contributions of the management and long-term employees of the Company including the Directors; to encourage, motivate and retain the management and long-term employees of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Company; and to provide additional incentive for the management and long-term employees of the Company by aligning the interests of employees, management, Shareholders to that of the Company as a whole.

Participants

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Scheme limit

The limit under the H Share Award and Trust Scheme is 3,730,015 H Shares, representing 5% of the total issued shares (excluding treasury shares) of the Company as at the Latest Practicable Date.

Maximum entitlement of each Participant

The total number of Award Shares granted to all eligible persons under the H Share Award and Trust Scheme and any other share plans of the Company (including the Award Shares cancelled under the terms of the H Share Award and Trust Scheme, but excluding any Award Shares forfeited) shall not exceed 1% of the share capital in issue of the Company from time to time.

Vesting period

The share award of H Shares granted under the H Share Award and Trust Scheme will be vested in the vesting period as specified in the Award Letter of each Participant approved by the Board and/or the Delegatee.

Purchase price

The purchase price of all the Award Shares under the H Share Award and Trust Scheme will be determined by the Board and/or its authorized persons in their sole discretion at the time of granting the relevant Award (and shall be set out in the Award Letter). The purchase price was determined after taking into account, among other things, the closing price of the H Shares, the purpose of the H Share Award and Trust Scheme and the characteristics and circumstances of each eligible person. Save as aforesaid, no other payable on application or acceptance of any Award under the H Share Award and Trust Scheme and there is no period within which payments or calls must or may be made or loans for such purposes must be repaid.

Remaining validity period of the Scheme

The H Share Award and Trust Scheme shall be effective from the Adoption Date (i.e. September 27, 2023) with the period of validity for ten years. As of the Latest Practicable Date, the remaining validity period of the H Share Award and Trust Scheme is 8 years and 7 months.

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During the year ended December 31, 2024, details of the award shares granted under the H Share Award and Trust Scheme and their movements were set out below:

/C G	D G	(B/)	1, 2024	(ㄅ $/)	(ㄅ $/)		(ㄅ $/)			D 31, 2024
Directors										
WANG Lianyue	April 23, 2024	0	–	99,300	11.08	10.8	–	13.25	–	99,300
	April 23, 2024	7	–	50,000	11.08	10.8	–	13.25	–	50,000
WANG Jian	April 23, 2024	0	–	59,100	11.08	10.8	–	13.25	–	59,100
	April 23, 2024	7	–	50,000	11.08	10.8	–	13.25	–	50,000
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XU Xiaojun	April 23, 2024	7	–	30,000	11.08	10.8	–	13.25	–	30,000
XU Yi	April 12, 2024	0	–	57,500	11.42	11.2	–	13.25	–	57,500
	April 23, 2024	7	–	30,000	11.08	10.8	–	13.25	–	30,000
YE Minjie	April 12, 2024	0	–	21,000	11.42	11.2	–	13.25	–	21,000
ㄉ (ㄉ , D F , ㄅ ㄉ ,)										
Employees	April 12, 2024	0	–	126,200	11.42	11.2	–	13.25	–	126,200
	April 23, 2024	7	–	395,000	11.08	10.8	–	13.25	–	395,000
	June 18, 2024	7	–	322,000	11.90	11.94	–	13.33	–	322,000
Total	–	–	–	1,240,100	–	–	–	–	–	1,240,100

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Note 1: For the accounting standards and policies adopted in determining the fair value of relevant shares on the date of grant during the Reporting Period, please refer to Note 12 Share-based payments to the financial statements.

Note 2: The vesting time and percentage under the H Share Award and Trust Scheme are set out in the table below:

‰	‰	‰
First vesting period	From the first trading day after the date of grant until the last trading day within 12 months following the date of grant	25%
Second vesting period	From the first trading day after the expiry of 12 months following the date of grant until the last trading day within 24 months following the date of grant	25%
Third vesting period	From the first trading day after the expiry of 24 months following the date of grant until the last trading day within 36 months following the date of grant	25%
Fourth vesting period	From the first trading day after the expiry of 36 months following the date of grant until the last trading day within 48 months following the date of grant	25%

Employee Training Program

The Company put great emphasis on the training and development of medical personnel, proactively establish “in-hospital teaching” base and promote the coordinated development of medical practice, education and research. The Company formulates annual plans for relevant employee training, ward clinical diagnosis and treatment teaching and annual plan of various management trainings according to the job requirements of each professional position, and devote to provide employees with pre-job training (such as stress management and workplace relations and on-the-job professional knowledge training) to continuously improve their professional quality.

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The Board is pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended December 31, 2024.

Principal Activities

The principal activities of the Group are operating a network of healthcare facilities that primarily focus on providing psychiatric specialty care and elderly rehabilitation service across various regions in China. Details of the principal activities of the principal subsidiaries of the Company are set out in "Notes to the Financial Statements – Equity in other entities – Equity in subsidiaries – Structure of the enterprise Group" of this annual report.

Descriptions of the relationship between the Group and its employees, clients and suppliers are set out in "

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Compliance with Relevant Laws and Regulations

The Company continues to review its current systems and procedures, emphasizes and strives to comply with the PRC Company Law, the Hong Kong Listing Rules, the SFO, applicable Hong Kong Companies Ordinance, and other relevant laws and regulations which have a significant impact on the Company. The Company endeavors to safeguard its Shareholders' interests, enhance corporate governance and strengthen the functions of the Board of Directors.

Laws and regulations that have a significant impact on the operation of the Group include but are not limited to the Mental Health Law of the PRC (《中華人民共和國精神衛生法》), the Law of the People's Republic of China on the Promotion of Basic Medical and Health Care (《中華人民共和國基本醫療衛生與健康促進法》), the Management Regulations of Medical Institutions (《醫療機構管理條例》) and the Rules for the Implementation of Management Regulations of Medical Institutions (《醫療機構管理條例實施細則》).

The operation of the Group has always complied with the abovementioned national and local laws and regulations. It upholds honesty and integrity and performs its social responsibility.

The Company and its employees have been exercising their best endeavours to strictly follow the applicable rules, laws and industry standards. The Directors are not aware of any breach of laws or regulations which have a significant impact on the Group in 2024 and as of the Latest Practicable Date.

Permitted Indemnity Provision

For the year ended December 31, 2024, the Group has no permitted indemnity provision.

Use of Proceeds from Initial Public Offering

The H Shares were listed on the Main Board of the Hong Kong Stock Exchange on November 20, 2015. The Company's net proceeds from the initial public offering amounted to approximately HK$693.2 million (equivalent to RMB580.7 million) after deducting underwriting commissions and all related expenses. On March 30, 2017 and March 23, 2018, the Board considered and approved the resolutions regarding the change in the use of the net proceeds, respectively. The Company used all the proceeds according to the use of the proceeds disclosed in the Prospectus dated November 10, 2015 and considered and approved by the Board.

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Proposed Final Dividend

The Board recommends the payment of the Proposed Final Dividend. Based on the total share capital before the record date determined by the implementation of the profit distribution plan for the final period of 2024 (as of the Latest Practicable Date, the total share capital of the Company is 72,670,000 shares), a cash dividend of RMB3 (tax-inclusive) per 10 shares will be distributed to all shareholders. The total proposed cash dividend to be distributed is RMB21,801,000 (tax-inclusive). Upon the

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If the individual holders of H Shares are Hong Kong or Macau residents or residents of the countries which had an agreed ax rate of 10% for the cash dividends to them with the PRC under the relevant tax agreement, 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 the relevant agreed preferential tax treatment provided that the relevant Shareholders 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 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 at a rate of 20%.

Share Capital

Details of the movements in the share capital of the Company during the Reporting Period are set out in "Note 5 to the Financial Statements – note (36) to the consolidated financial statements" of this annual report.

Reference is hereby made to the Company's announcement dated April 26, 2024 in relation to, among other things, the fact that the Company has submitted an application to the CSRC on April 26, 2024 in respect of the conversion of 2,500,000 Domestic Shares into H Shares.

The CSRC published a filing notice on its website in relation to the full circulation of the Shares of the Company on June 28, 2024 and confirmed the relevant information, and the filing application for the conversion and listing has been completed. Subsequently, the Company applied to the Listing Committee of the Hong Kong Stock Exchange for approval of the listing of and permission to deal in 2,500,000 H Shares (the "C 4 "). On July 19, 2024, the Hong Kong Stock Exchange granted the approval for the listing of such Shares. The conversion of such Converted H Shares into H Shares was completed on August 23, 2024, and the listing of the Converted H Shares on the Hong Kong Stock Exchange commenced at 9:00 a.m. on August 26, 2024.

Please refer to the Company's announcements dated April 26, 2024, July 3, 2024, July 19, 2024 and August 23, 2024 for further details of the full circulation, conversion and listing of H Shares.

Reserves

Details of movements in the reserves of the Group during the Reporting Period are set out in the "Consolidated Statement of Changes in Owners' Equity and Note 5 to the Financial Statements – notes (37), (39) and (40) to the consolidated financial statements" of this annual report.

Distributable Reserves

As of December 31, 2024, the distributable reserves of the Group were RMB344.3 million.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in "Note V to the Financial Statements – note (12) to the consolidated financial statements" of this annual report.

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Major Customers and Suppliers

For the year ended December 31, 2024, the Group's largest customer and five largest customers aggregately contributed to 2.0% and 3.9%, respectively, of the Group's total revenue. For the year ended December 31, 2024, the Group's five largest customers contributed to less than 30% of the Group's total revenue for the year. The major customers of the Group are the patients of our owned '

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Directors

The Directors during the Reporting Period and up to the date of this annual report are:

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Mr. GUAN Weili *(Chairman)*
Ms. WANG Lianyue
Mr. WANG Jian

- , D

Mr. QIN Hao
Mr. LI Changhao

- , D

Ms. ZHONG Wentang
Ms. JIN Ling
Mr. CHAN Sai Keung Hugo

Supervisors

The Supervisors during the Reporting Period and up to the date of this annual report are:

Mr. XU Ning *(Chairman)*
Mr. XU Yongjiu
Mr. XIE Tiefan
Mr. QIAN Chengliang
Ms. ZHANG Yue

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Business Review and Analysis of Key Indicators of Financial Performance

For business review and analysis of key indicators of financial performance of the Group for the year ended December 31, 2024, please refer to the sections of "Financial Highlights" and "Management Discussion and Analysis" in this annual report.

Directors' and Supervisors' Interests in Transaction, Arrangement or Contracts of

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Non-competition Agreement

Pursuant to the Non-competition Agreement, each of the Controlling Shareholders has agreed not to, and to procure that his/her respective close associate(s) (as appropriate) (other than the Group) not to, either directly or indirectly, compete with the Group's principal business (which is primarily to provide psychiatric specialty services and Geriatric medical services through hospitals) and granted to the Group the option for new business opportunities, option for acquisitions and pre-emptive rights. During the period from the date of the Non-competition Agreement to December 31, 2024, the Company did not receive any Offer Notice (as defined under the section headed "Relationship with our Controlling Shareholders" in the Prospectus) from the Controlling Shareholders.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Non-competition Agreement for the year ended December 31, 2024 for disclosure in this annual report. The independent non-executive Directors have also reviewed the Controlling Shareholders' compliance with the Non-competition Agreement for the year ended December 31, 2024.

Directors' and Chief Executives' Emoluments and Five Individuals with Highest Emoluments

Particulars of the Directors' and the chief executives' emoluments and five highest paid individuals for the year ended December 31, 2024 are set out in "Notes to the Financial Statements – Related parties and related party transactions" of this annual report. The remuneration policy of the Company is set out in the section headed "Corporate Governance Report" of this annual report.

No Director has waived or has agreed to waive any emoluments during the Reporting Period.

Directors' Interests in Competing Business

During the Reporting Period, none of the Directors or their respective associates (as defined under the Hong Kong Listing Rules) had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group.

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Directors', Supervisors' and Chief Executives' Interests in Securities

As of December 31, 2024, the interests and short positions of the Directors, the Supervisors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company under section 352 of the SFO, or as notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

C	,				A 2 C [1]	A 2 C [1]
Mr. GUAN Weili[2]	Domestic Shares	Beneficial owner	18,350,250(L)	21,744,750(L)	41.21%	29.92%
		Interest of spouse	3,394,500(L)			
	H Shares	Interest of spouse	149,300(L)	149,300(L)	0.75%	0.21%
Ms. WANG Lianyue[2]	Domestic Shares	Beneficial owner	3,394,500(L)	21,744,750(L)	41.21%	29.92%
		Interest of spouse	18,350,250(L)			
	H Shares	Beneficial owner	149,300(L)	149,300(L)	0.75%	0.21%
Mr. WANG Jian	H Shares	Beneficial owner	159,100(L)	159,100(L)	0.80%	0.22%
	Domestic Shares	Beneficial owner	100,000(L)	100,000(L)	0.19%	0.14%
Mr. XU Yongjiu[3]	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	4,540,000(L)	8.61%	6.25%

Notes:

(L): Long position

(1) The shareholding percentages are calculated on the basis of 52,760,000 Domestic Shares and 19,910,000 H Shares (an aggregate of 72,670,000 Shares) issued by the Company as at December 31, 2024.

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

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

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Save as disclosed above, as at December 31, 2024, to the knowledge of the Board, none of the Directors, the Supervisors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the

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	C	,		C (1)	C (1)
Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥))(3)	Domestic Shares	Interest in a controlled corporation	4,519,003(L)	8.57%	6.22%
LIN Lijun	Domestic Shares	Interest in a controlled corporation	6,506,309(L)	12.33%	8.95%
Shanghai Loyal Valley Investment Management Co., Limited (上海正心谷投資管理有限公司) (formally know as Shanghai Shenge Investment Management Co., Ltd)(4)	Domestic Shares	Interest in a controlled corporation	6,506,309(L)	12.33%	8.95%
Wind Information Co., Ltd. (萬得信息技術股份有限公司)	Domestic Shares	Interest in a controlled corporation	3,333,000(L)	6.32%	4.59%
Shanghai Hehuayuan Enterprise Management Center (Limited Partnership) (上海荷花緣企業管理中心(有限合夥))	Domestic Shares	Interest in a controlled corporation	3,333,000(L)	6.32%	4.59%
Wind Impact Equity Investment (Jiaxing) Partnership (Limited Partnership) (萬得影響力股權投資(嘉興) 合夥企業(有限合夥)) (“ ”)	Domestic Shares	Beneficial owner	3,333,000(L)	6.32%	4.59%
CITIC Securities Investment Co., Ltd. (中信証券投資有限公司)	Domestic Shares	Beneficial owner	2,780,000(L)	5.27%	3.83%
CITIC Securities Company Limited (中信証券股份有限公司)(5)	Domestic Shares	Interest in a controlled corporation	2,780,000(L)	5.27%	3.83%
OrbiMed Advisors LLC	H Shares	Investment manager	1,454,000(L)	7.30%	2.00%
OrbiMed Capital LLC	H Shares	Investment manager	2,150,900(L)	10.80%	2.96%
OrbiMed Partners Master Fund Limited	H Shares	Beneficial owner	1,279,900(L)	6.43%	1.76%
OrbiMed Partners II, L.P.	H Shares	Beneficial owner	1,052,000(L)	5.28%	1.45%
UBS Group AG	H Shares	Interest in a controlled corporation	1,029,400(L)	5.17%	1.42%
ZOU Haili (鄒海麗)	H Shares	Beneficial owner	1,680,000(L)	8.44%	2.31%
WANG Hongyue(6)	Domestic Shares	Beneficial owner	3,984,350(L)	10.97%	7.96%
		Interest in a controlled corporation	1,801,000(L)		
	H Shares	Beneficial owner	309,000(L)	1.55%	0.43%
Kangning Success Holding Limited	H Shares	Beneficial owner	2,986,300(L)	15.00%	4.11%
Trident Trust Company (HK) Limited	H Shares	Trustee	2,986,300(L)	15.00%	4.11%

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Notes:

(L): Long position

(1) The shareholding percentages are calculated on the basis of 52,760,000 Domestic Shares and 19,910,000 H Shares (an aggregate of 72,670,000 Shares) issued by the Company as of December 31, 2024.

(2) FAN Yin holds 50% equity interest in Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金淅企業管理中心(有限合夥)) and Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金淅企業管理中心(有限合夥)) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)). SUN Jian holds 33.94% equity interest in Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)). Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership). Therefore, by virtue of Part XV of the SFO, FAN Yin, Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金淅企業管理中心(有限合夥)), SUN Jian and Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) were deemed to be interested in all the Domestic Shares held by Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)) in the Company.

(3) Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) holds 99.99% equity interest in Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)). Therefore, by virtue of Part XV of the SFO, Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) is deemed to be interested in all the Domestic Shares held by Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)) in the Company.

(4) Shanghai Loyal Valley Investment Management Co., Limited (上海正心谷投資管理有限公司) (formally know as Shanghai Shenge Investment Management Co., Ltd (上海盛歌投資管理有限公司)) is a general partner of Shanghai Qiangang Investment Management Partnership (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) and Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)). Therefore, by virtue of Part XV of the SFO, Shanghai Loyal Valley Investment Management Co., Limited is deemed to be interested in all the Domestic Shares held by Shanghai Qiangang Investment Management Partnership (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) (which directly holds 1,987,356 Domestic Shares of the Company) and Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)) in the Company.

(5) CITIC Securities Investment Co., Ltd.. (中信証券投資有限公司) is wholly held by CITIC Securities Company Limited (中信証券股份有限公司). Therefore, CITIC Securities Company Limited (中信証券股份有限公司) is deemed to be interested in the Domestic Shares held by CITIC Securities Investment Co., Ltd. (中信証券投資有限公司) in the Company by virtue of Part XV of the SFO.

(6) Ms. WANG Hongyue is the general partner of Ningbo Renai Kangning Investment Management L.P. (寧波仁愛康寧投資管理合夥企業(有限合夥)) and Ningbo Enci Kangning Investment Management Partnership (Limited Partnership) (寧波恩慈康寧投資管理合夥企業(有限合夥)) and holds approximately 56.75% and 37.10%, respectively, in such management partnerships, both of which are limited partnerships. Therefore, by virtue of Part XV of the SFO, Ms. WANG Hongyue is deemed to be interested in all the Domestic Shares held by the above management partnerships in the Company. Mr. XU Yi is the spouse of Ms. WANG Hongyue. Mr. XU Yi is deemed to be interested in the Domestic Shares held by Ms. WANG Hongyue by virtue of Part XV of the SFO.

Save as disclosed above, as at December 31, 2024, to the knowledge of the Directors, no other person (other than a Director, a Supervisor or chief executive of the Company) had, or was deemed or taken to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

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Directors' and Supervisors' Rights to Acquire Shares or Debt Securities

Save as the Equity Incentive Scheme, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, the Supervisors, or chief executives of the Company (including their

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Reference is hereby made to the Company's announcement dated April 12, 2024 in relation to, among other things, the first grant of the Award Shares pursuant to the H Share Award and Trust Scheme (the "**A , **"). As mentioned in the Announcement, on April 12, 2024, the Board resolved to make the grant of 59,100 H Shares to Mr. WANG Jian, an executive Director of the Company, at a grant price of RMB0 per Share (the " , **G** "). On April 23, 2024, pursuant to the H Share Award and Trust Scheme, the Board resolved to make the grant of 50,000 Award Shares to Mr. WANG Jian, an executive Director of the Company, at a grant price of RMB7 per Share, equivalent to 50,000 H Shares, with total grant price of RMB350,000 (the "**G** "). Taking into account the closing price of HK$11.08 per H Share as stated in the daily quotation sheet issued by the Hong Kong Stock Exchange on April 22, 2024, the 50,000 Award Shares represent the value of HK$554,000. The grant of the Award Shares to Mr. WANG Jian can be for the purpose of recognizing his previous contributions to the business performance of the Company, ensuring that he will continually support and devote his efforts to the Company, and motivating him to perform his duties diligently and conscientiously in the future, which is essential to the future development and business expansion of the Company. The Board is of the view that the grant of the Award Shares to Mr. WANG Jian is in line with the purpose of the H Share Award and Trust Scheme. For details of the H Share Award and Trust Scheme, please refer to the section headed "H Share Award and Trust Scheme" of this report. As Mr. WANG Jian currently serves as an executive Director of the Company, both the Previous Grant and the Grant constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Pursuant to the Hong Kong Listing Rules, the highest applicable percentage ratios in respect of the Previous Grant are less than 0.1%, therefore the Previous Grant is fully exempted from complying with the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The highest applicable percentage ratios in respect of the Grant are less than 0.1%, but the Previous Grant and the Grant are aggregated as they were made within 12 months of each other and are connected with each other. As the highest applicable percentage ratios in respect of the Previous Grant and the Grant as aggregated, are more than 0.1% but less than 5%, the Grant is subject to the reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and the Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. For details, please refer to the Company's announcement dated April 23, 2024.

Save as disclosed above, the Board confirms that none of other related party transactions set out in "Notes to the Financial Statements – Related parties and related party transactions" of this annual report constituted connected transactions or continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules. All of the connected transactions or continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules are in compliance with the relevant disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

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Purchase, Sale or Redemption of Listed Securities

During the Reporting Period, as share buybacks can enhance the net asset value per share and/or earnings per share, which is in the overall interests of the Company's shareholders, the Company repurchased a total of 1,930,300 shares

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Corporate Governance

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Auditor

The financial statements for the year have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP ("BD ").

Reference is hereby made to the Company's announcements dated January 30, 2022 and December 16, 2022, as well as the circular dated November 18, 2022.

During the process of conducting relevant verifications in accordance with the requirements of the China Securities Regulatory Commission, PricewaterhouseCoopers Zhongtian LLP (Special General Partnership) (" C") noticed matters regarding large-amount fund flows. Since PwC was unable to obtain sufficient and reasonable explanations and evidence for their concerns about the aforementioned matters, and thus was unable to determine the scope of the subsequent audit work to be carried out and reasonably estimate the time required to complete the 2021 audit work thereafter, PwC has resigned as the Company's auditor, effective as of January 30, 2022.

Upon the recommendation of the Audit Committee, BDO China Shu Lun Pan Certified Public Accountants LLP was appointed as the Company's auditor, effective as of January 30, 2022, to fill the temporary vacancy left by PwC's resignation, and its term of office shall expire at the conclusion of the Company's 2021 Annual General Meeting of

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To the Shareholders:

In 2024, in strict accordance with the relevant provisions of the Company Law of the People's Republic of China, the Articles the rules of procedure of the Supervisory Committee, etc., the Supervisory Committee adhered to the principle of due diligence and fully fulfilled all its legal powers and obligations, and continuously strengthened its supervisory function. During the Reporting Period, the Supervisory Committee focused on aspects such as the standardization and operational efficiency of the company'

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Corporate Culture

The Group takes psychiatric specialties and geriatric medical services as its two driving forces. Through a chain operation model that combines online and offline services, it has established a diagnosis and treatment service network that "has a foothold in Wenzhou, conducts in-depth operations in Zhejiang, and radiates across the country", and is committed to becoming a practitioner of the "Healthy China" initiative.

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Respect Life • Serve with Humility

We advocate the equality and preciousness of all lives. We respect the uniqueness and sanctity of life and regard it as the supreme value. Respect is an awe deeply rooted in our hearts and an inner reverence for life. Humility is a kind of love and a conscious act and speech that protect life in practice.

Xo

A Professional Guardian of Mental Health

We are determined to become an outstanding leader in the field of mental health. With professional knowledge and skills, we will wholeheartedly safeguard the mental health of the public and escort the development of a harmonious society.

Provide Dignified Medical Care for Patients with Mental Disorders

Providing dignified medical care for patients with mental disorders is not only the value of our existence but also our responsibility and obligation. We will adhere to a patient-centered approach, provide medical care that reflects human dignity, professional competence, humanity, and a high level of quality, so that every patient can feel respected and cared for.

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The Board

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As at the Latest Practicable Date, the Board comprises eight Directors, including three executive Directors, two non-executive Directors and three independent non-executive Directors. The brief biographical details of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" of this annual report. The Board is responsible for the overall management and supervision of the Company's operation as well as the formulation of overall business strategies. The term of office of the Fourth Board of Directors is three years. The terms of office of these executive directors, non-executive directors and independent non-executive directors shall take effect as of June 9, 2023 and shall expire upon the expiration of the term of office of the Fourth Board of Directors. They are eligible for re-election upon the expiration of their terms of office.

As at the Latest Practicable Date, the Board had met the requirements of Rules 3.10 and 3.10A of the Hong Kong Listing Rules, which require the Company to appoint at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications or the expertise in accounting or relevant financial management and require the number of independent non-executive Directors to represent at least one-third members of the Board.

The Company has received annual confirmation of independence from each independent non-executive Director pursuant to the requirements under the Hong Kong Listing Rules. The Company considers that each independent non-executive Director to be independent in accordance with the independence guidelines as set out in Rule 3.13 of the Hong Kong Listing Rules.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professional skills to the Board, fulfilling Board's function in an efficient and effective manner. Independent non-executive Directors are invited to serve on the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy and Risk Management Committee.

The CG Code requires the Directors to disclose to the Company the number and nature of offices held in public companies or organizations and other significant commitments as well as their capacities and the time involved. The Directors have agreed to disclose to the Company their other commitments in a timely manner.

The Company recognises that independence of the Board is a key element of good corporate governance. The Company has established effective mechanisms, including but not limited to entitling the Directors and Committee members to seek independent professional advice on matters relating to the Company where appropriate at the Company's expense, to ensure independent views and input are available to the Board. These mechanisms in place are subject to annual review by the Board that underpins a strong independent Board.

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Role and Function of and Delegation by the Board

The Board is responsible for the general power management and the business operation of the Company. It delegates day-to-day management of the Company to the executive Directors and the senior management of the Company within the control and the authority framework set by the Board. The delegated functions and responsibilities are periodically reviewed by the Board.

The Board is in charge of the decision making in all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, recommendation for appointment of Directors and other significant financial and operational matters. For details, please refer to the Articles.

In addition, the Board also delegates the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy and Risk Management Committee of the Company various responsibilities as set out in their respective terms

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Changes of Directors, Supervisors and Senior Management

At the Latest Practicable Date, there had not been changes in Directors, Supervisors or senior management of the Company.

Change in Directors', Supervisors' and Chief Executive's Biographical Details

Set out below are the changes in the Directors', the Supervisors' and the chief executive's biographical details during the Reporting Period and up to the Latest Practicable Date, which are required to be disclosed pursuant to Rule 13.51B of the Hong Kong Listing Rules:

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GUAN Weili	Qingtian Kangning Hospital Co., Ltd.	Executive director	From April 2011 to December 2024
	Qingtian Kangning Hospital Co., Ltd.	Director	From December 2024 to present
WANG Lianyue	Wenzhou Gaopin Fangzhou Hospital Co., Ltd.	Executive director, Manager	From May 2024 to present
	Beijing Yining Hospital Co., Ltd.	Director	From May 2019 to June 2024
	Beijing Yining Hospital Co., Ltd.	Executive director	From June 2024 to present
	Qingtian Kangning Property Management Co., Ltd.	Manager	From November 2024 to present
WANG Jian	Zhejiang Yining Geriatric Hospital Management Co., Ltd.	Executive director	From April 2024 to present
	Beijing Yining Hospital Co., Ltd.	Director, Manager	From February 2023 to June 2024
	Beijing Yining Hospital Co., Ltd.	Manager	From June 2024 to present
	Zhejiang Yining Geriatric Health Service Co., Ltd.	Director, Manager	From April 2024 to present

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

Induction of and Continuous Professional Development for Directors

During the Reporting Period, the Company focused on the continuing professional development of the Directors, organizing training programs for them and encouraging them to take part in. All members of the Board continued to familiarize themselves with various regulatory information and the latest regulatory requirements, including the laws and regulations and regulatory documents in relation to corporate governance and the Hong Kong Listing Rules. They also updated their knowledge and skills, and improved their abilities to perform their duties through various methods, to ensure that they can contribute to the Board in a well-informed manner based on its actual needs. The major trainings attended by the Directors are as follows:

During the Reporting Period, all Directors of the Company, namely Mr. GUAN Weili, Ms. WANG Lianyue, Mr. WANG Jian, Mr. QIN Hao, Mr. LI Changhao, Ms. ZHONG Wentang, Ms. JIN Ling and Mr. CHAN Sai Keung Hugo had read through a number of written materials with regard to Director's duties and responsibilities.

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Compliance with the Model Code

The Company has adopted the Model Code as a code of conduct of the Company for its Directors' and Supervisors' securities transactions. Having made specific enquiry of all Directors and Supervisors, the Directors and Supervisors have complied with the requirements set out in the Model Code during the Reporting Period. The Company minimizes the scope of insiders before publication of such inside information. Any employees who are, or likely to be, in possession of unpublished inside information in relation to the Company or the Shares are prohibited from dealing in the Shares during the black-out period. The Company will register relevant information of such employees, including but not limited to the inside information, personal identity, securities account, the department such employees serve and their responsibilities, for Company's internal check and relevant regulatory authorities' inquiries. If such employees violate relevant laws and regulations, the Company will hand out punishments or turn them in to judicial authorities in accordance with the seriousness of the case.

Corporate Governance

The Company is aware of the value and importance of enhancing corporate governance standards and will strive to achieve this goal. The Company has adopted the principles set out in the Corporate Governance Code as its own corporate governance code. The Directors are of the opinion that the Company has complied with all the code provisions set out in the Corporate Governance Code during the reporting period and up to the date of this annual report. The Company will continue to review and strengthen its corporate governance practices to ensure compliance with the Corporate Governance Code.

Service Contracts of the Directors and Supervisors

Each of the Directors (including non-executive Directors) and Supervisors has entered into a service contract with our Company for a term of which is three years.

The service contracts may be renewed in accordance with the Articles and applicable laws, rules and regulations. None of the Directors or the Supervisors has entered or has proposed to enter into any service contracts with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

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 in the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "C ").

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Accounting Policies

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The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises – Basic Standard, and the specific accounting standards and the relevant regulations issued by the Ministry of Finance on February 15, 2006 and in subsequent periods (hereafter collectively referred to as " A , B, E ").

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

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The changes of significant accounting policies are set out in "Note III to the Financial Statements – Changes in significant accounting policies and accounting estimates" of this annual report.

Attendance at Board Meetings and General Meetings

The Company has adopted the practice of holding Board meetings for at least four times a year at approximately quarterly intervals pursuant to provision C.5.1 of the CG Code. Notices of all regular Board meetings are given not less than fourteen days prior to the meetings to provide all Directors with an opportunity to attend pursuant to provision C.5.3 of the CG Code and relevant matters are included in the agenda of such meeting.

During the Reporting Period, the Company held 8 Board meetings and the atd 8 Board mee01d5i1a yoardheld "

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D	B / '
- , D	
Ms. ZHONG Wentang	8/8
Ms. JIN ling	8/8
Mr. CHAN Sai Keung Hugo	8/8

All Directors are provided with the agenda and relevant information in advance before the meeting. They have access to the senior management members and the joint company secretaries of the Company at all time and, upon reasonable request, can seek independent professional advice at the Company's expense.

Minutes of the meetings are kept by the secretary to the Board with copies circulated to all Directors for reference and record. Minutes of the Board meetings and committee meetings sufficiently record the details of the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date when a meeting is held. The minutes of the Board meetings are open to inspection by Directors.

During the Reporting Period, two general meetings were held and the attendance of the Directors at the general meeting was as follows:

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Mr. GUAN Weili *(Chairman)*	2/2
Ms. WANG Lianyue	2/2
Mr. WANG Jian	2/2
- , D	
Mr. QIN Hao	2/2
Mr. LI Changhao	2/2
- , D	
Ms. ZHONG Wentang	2/2
Ms. JIN ling	2/2
Mr. CHAN Sai Keung Hugo	2/2

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Board Committees

The Board has established four committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy and Risk Management Committee, to handle particular affairs of the Board and the Company. All Board committees of the Company are established with defined written terms of reference which have been uploaded to the website of the Hong Kong Stock Exchange and that of the Company, and are provided with sufficient resources to discharge their duties.

Audit Committee

The Company established the Audit Committee in compliance with Rule 3.21 and Rule 3.22 of the Hong Kong Listing Rules, and its written terms of reference complies with the CG Code and the duties and functions delegated to the Audit Committee by the Board. The primary responsibilities of the Audit Committee are reviewing and supervising the Company's financial reporting procedures, including proposing to appoint or change the external auditor; supervising the Company's internal control system and its implementation; the communication between the internal auditor and external auditor; auditing financial information and its disclosure; reviewing the Company's internal control system and auditing significant connected transactions; nominating the heads of the internal audit department; and dealing with other matters authorized by the Board.

As of the date of this report, the Audit Committee consists of two independent non-executive Directors, Ms. ZHONG Wentang (chairman of the Audit Committee) and Ms. JIN ling, and one non-executive Director, Mr. LI Changhao. Four meetings of the Audit Committee were held during the Reporting Period to, among other matters, review the annual results for the year 2023 and interim results for the year 2024 of the Group.

The attendance of the Directors at the meetings of the Audit Committee held during the Reporting Period was as follows:

D	/
Ms. ZHONG Wentang *(Chairman)*	4/4
Ms. JIN ling	4/4
Mr. LI Changhao	4/4

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Remuneration Committee

The Company established the Remuneration Committee with its written terms of reference in compliance with the CG Code and the duties and functions delegated to the Remuneration Committee by the Board. The primary responsibilities of the Remuneration Committee are formulating the criteria for and conducting assessment on the Directors and senior management as well as determining and reviewing the remuneration policies and plans for the Directors and senior management, including formulating remuneration plans and proposals in accordance with the terms of reference of the Directors and senior management and the importance of their positions as well as the remuneration benchmarks for the relevant positions in other comparable companies; the remuneration plans and proposals include but not limited to criteria, procedures and main assessment system for performance assessment, main proposals and regulations on reward and punishment; reviewing and/or approving matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules; reviewing the performance of the Directors and senior management and conducting annual assessment on their performance and results; supervising the implementation of the remuneration policies of the Company; and dealing with other matters authorized by the Board.

As of the date of this report, the Remuneration Committee comprises three independent non-executive Directors, Ms. JIN Ling (chairman), Ms. ZHONG Wentang and Mr. CHAN Sai Keung Hugo. The Remuneration Committee has adopted the second model described in paragraph E.1.2(c) of the CG Code (i.e. make recommendation to the Board on the remuneration packages of individual executive Directors and senior management). Two meetings of the Remuneration Committee were held during the Reporting Period to, among other matters, review the report of the general manager of the Company for the year 2023 and grant the award shares in accordance with the "H-share Incentive Trust Plan".

The attendance of the Directors at the meeting of the Remuneration Committee held during the Reporting Period was as follows:

D	/
Ms. JIN Ling *(Chairman)*	2/2
Ms. ZHONG Wentang	2/2
Mr. CHAN Sai Keung Hugo	2/2

The primary goal of the Group's remuneration policy for executive Directors is to enable the Company to retain and motivate executive Directors by aligning their remuneration with their individual performance. The remuneration package includes basic salary, performance and/or discretional bonus and other benefits. The remuneration of non-executive Directors and independent non-executive Directors mainly includes the Directors' fee which is determined by reference to their duties and responsibilities by the Board.

The emoluments of each Director for the year ended December 31, 2024 are set out in "Notes to the Financial Statements – Related parties and related party transactions" of this annual report.

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Strategy and Risk Management Committee

The Company has established the Strategy and Risk Management Committee with its written terms of reference in compliance with the duties and functions delegated to the Strategy and Risk Management Committee by the Board. The primary responsibilities of the Strategy and Risk Management Committee include reviewing and making suggestions on the Company's long-term strategic plan and significant investment decisions; reviewing the Company's risk management policies and standards; and supervising and monitoring the Company's exposure to legal risks.

As of the date of this report, the Strategy and Risk Management Committee consists of one executive Director, Mr. GUAN Weili (chairman), one non-executive Director, Mr. QIN Hao, and one independent non-executive Director, Ms. ZHONG Wentang. Two meetings of the Strategy and Risk Management Committee were held during the Reporting Period to, among other things, review the report on internal control and risk management of the Group for the year 2023 and make recommendations to the Board. The Strategy and Risk Management Committee has conducted an annual review regarding internal controls and confirmed the effectiveness of the Group's internal control system in the internal control and risk management report.

The attendance of the Directors at the meeting of the Strategy and Risk Management Committee held during the Reporting Period was as follows:

D	/
Mr. GUAN Weili *(Chairman)*	2/2
Ms. ZHONG Wentang	2/2
Mr. QIN Hao	2/2

Board Diversity Policy

The Board has adopted a Board diversity policy and discussed all measurable objectives set for its implementation. The Company recognizes and embraces the benefits of having a diverse Board with a view to enhancing its effectiveness and achieving a high standard of corporate governance. It endeavors to ensure that the Board achieves a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The election of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision of all Board appointments will be based on the capability of the selected candidate and his or her potential contributions to the Board in the future. A summary is set out in the table below:

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A	G	D
30 – 49 years (4 persons)	Female (37.5%)	1 – 5 years (6 persons)
50 and above (4 persons)	Male (62.5%)	6 – 10 years (2 persons)

The Board currently comprises 3 female Directors and 5 male Directors. The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board. The Nomination Committee and the Board considered that, during the year ended December 31, 2024, the composition of the Board was balanced and diversified.

Gender Diversity in the Workforce

As at December 31, 2024, the Group had a total of 4,869 employees (including senior management), of which 67.1% were female employees and 32.9% were male employees. The gender structure of the staff of the Group is reasonable and the Board considers that gender diversity is achieved in all levels of staff (including senior management) of the Group. The Group has formulated the Recruitment Management Measures《招錄管理辦法》. During the recruitment process, the Group has always adhered to the principles of "fairness, impartiality and openness" in considering the academic qualifications, working experience and skills of the applicants to assess whether they have met the requirements of the employment positions. During the Reporting Period, the Board was not aware of any factors and circumstances that would make it more challenging or less relevant to achieve gender diversity among all employees, including senior management.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties, including but not limited to:

(a) to review the Company's compliance with the CG Code and disclosure in the corporate governance report;

(b) to develop and review the Company's policies and practices of corporate governance;

(c) to develop, review and monitor the code of conduct applicable to Directors and employees;

(d) to review and monitor the training and continuous professional development of Directors, Supervisors and senior management; and

(e) to review and monitor the Company's policies and practices on the compliance with legal and regulatory requirements.

During the Reporting Period, the Board, through its special committees, performed the following corporate governance functions: (1) enhanced the training for and the professional development of Directors and senior management; (2) reviewed the code of conduct for Directors, Supervisors and employees; (3) continuously assessed and optimized corporate governance and performed their duties in strict compliance with all of the requirements of corporate governance; and (4) reviewed the corporate governance report.

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Directors' and Auditor's Responsibilities for Financial Reporting in Respect of Financial Statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended December 31, 2024, which truthfully and objectively reflected the status of the Company and the Group and of the Group's results and cash flows. The Directors also acknowledge their responsibilities are to ensure that the consolidated financial statements of the Group are published in a timely manner. The management of the Company has provided to the Board the necessary explanation and information so as to enable the Board to carry out an informed assessment of the Company's consolidated financial statements that are submitted to the Board for approval. The Company provides all members of the Board with the latest materials in relation to the Company's results, status and prospects.

The Directors were not aware of any material uncertainties relating to any events or conditions which may cast a significant influence upon the Group's ability to continue as a going concern.

The statement prepared by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements is set out in the Auditor's Report of this annual report.

Risk Management and Internal Control

The Board is responsible for the risk management and internal control systems and reviews their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failing to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company has a clearly defined management structure and process in place with specified terms of reference and responsibilities to prevent unauthorized use or disposal of assets, maintain proper accounting records for the provision of reliable financial information for internal use or for publications and the compliance of applicable laws, rules and regulations. An internal audit department has been established by the Company to perform regular financial and operational reviews and recommend actions needed to the relevant management. The internal audit department's work is to ensure the internal controls are conducted properly according to their intended functions. The results of the internal audit and reviews are reported to the Audit Committee. When the Group encounters any potential significant risk, the designated department will identify the risk, and the management will assess the risks and evaluate their impact on the business and the likelihood of the occurrence. After the assessment, the management will determine the strategies and internal control procedures to avoid the risk and prevent similar ones in the future.

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In order to protect Shareholders' interests and assets, the Group has developed a risk management and internal control system of comprehensiveness, clear hierarchies and reasonable division of duties to meet its needs and mitigate the risks. The Audit Committee, established under the Board, is responsible for the supervision of internal audit, evaluation and improvement of the internal control system of the Company, and risk evaluation of material investment projects operated by the Company. The Strategy and Risk Management Committee is mainly responsible for studying and advising on the Company'

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Senior Management's Remuneration

The details of the Company's senior management are set out in the section headed "Directors, Supervisors and Senior Management" in this annual report, whose remuneration band for the year ended December 31, 2024 is as below:

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0-700,000	5 persons
700,001-1,400,000	8 persons

Auditor's Remuneration

For the year ended December 31, 2024, the Group's statutory auditor, BDO, provided annual audit services. During the year ended December 31, 2024, the total fee paid/payable in respect of the audit and non-audit services provided by the Group's auditor is set out below:

Audit services	RMB2,438,000
Non-audit services (mainly to provide the Company with the service of reviewing the semi-annual financial report for 2024)	RMB381,600

Joint Company Secretaries

Mr. WANG Jian and Mr. WONG Wai Chiu serve as the joint company secretaries of the Company. Mr. WONG Wai Chiu is a joint director of Fangyuan Corporate Services Group (Hong Kong) Limited, a professional corporate service provider. The main contact person of Mr. WONG Wai Chiu in the Company is Mr. WANG Jian (Secretary of the Board of Directors and the other joint company secretary).

During the Reporting Period, they have received no less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Hong Kong Listing Rules.

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Communication with Shareholders and Investor Relations

The Board believes that effective communication with investors is essential to build investors' confidence and attract new investors. The Group also recognizes the importance of transparency and timely disclosure of corporate information which enables investors to make the most informed investment decision.

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. Such policy and its implementation are regularly reviewed to ensure its effectiveness. Pursuant to the Shareholders' Communication Policy, the Company holds general meetings regularly every year.

The general meetings of the Company provide an important channel for communications between the Board and the Shareholders. Chairman of the Board, as well as chairmen of the four Board committees or, in their absence, other members of the respective committees and where applicable, the independent Board committee, will be available to answer questions at the general meetings.

During the Reporting Period, two general meeting were held by the Company. Published documents of the company together with the latest corporate information and news are available for inspection on the Company's website at www.knhosp.cn. Investors can also communicate with the Company through email at ir@knhosp.cn.

The Board has reviewed the effectiveness and implementation of the Shareholders' Communication Policy and was of the view that, through the above-mentioned measures, the Shareholders' Communication Policy remained effective and was implemented effectively, to ensure that the Company maintains long-term effective and good communication with its shareholders.

Shareholders' Rights

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Shareholders requesting the convening of an EGM shall proceed in accordance with the procedures set forth below:

Shareholders, individually or jointly holding over 10% of the Shares with voting rights at the proposed meeting, have the right to request the Board to convene an EGM or a class meeting in writing. According to laws, administrative regulations and the Articles, the Board shall give written feedbacks to agree or disagree to convene an EGM or a class meeting within ten days after receiving such request.

If the Board agrees to convene an EGM or a class meeting, a meeting notice shall be published within five days after the Board makes such a resolution. Changes to the original proposal in the notice shall be approved by the relevant Shareholders.

If the Board disagrees to convene an EGM or a class meeting or fails to give written feedbacks within ten days after receiving such request, then Shareholders individually or jointly holding over 10% of the Shares have the right to request the Supervisory Committee to convene an EGM or a class meeting in writing.

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If the Supervisory Committee agrees to convene an EGM or a class meeting, a meeting notice shall be published within five days after receiving such request. Changes to the original proposal in the notice shall be approved by the relevant Shareholders.

If the Supervisory Committee fails to publish the notice of an EGM within the specified period, it shall be deemed that the Supervisory Committee does not convene or preside over a general meeting. Shareholders who individually or jointly hold 10% or more of the Shares for not less than 90 consecutive days may convene and preside over an EGM by themselves. Necessary expenses of the general meeting held by the Supervisory Committee or Shareholders themselves shall be borne by the Company.

Procedures for Shareholder(s) to Put Forward Proposals at a General Meeting

When a general meeting is convened by the Company, the Board, Supervisory Committee or Shareholders who individually or collectively hold more than 3% of the Shares shall be entitled to put forward proposals to the Company.

Shareholders who individually or collectively hold more than 3% of the Shares may submit ad hoc proposals in writing to the convener within 10 days before the convening of an EGM. The convener shall issue a supplemental notice of the general meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals. The contact details for the submission of proposals are as follows:

Address:
No.1 Shengjin Road
Huanglong Residential District
Wenzhou, Zhejiang
the PRC
Fax: (86) 577 8878 9117
Email: ir@knhosp.cn

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Change in Constitutional Documents

During the Reporting Period, the Company amended its Articles once.

The Company submitted a full circulation application to the CSRC on April 26, 2024 in respect of the conversion

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Directors

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. G A (管偉立), aged 55, is the chairman of the Board and an executive Director of the Company. He is primarily responsible for the overall business operation and strategic planning of the Company. He founded the Company in February 1996 and became an executive Director since then. Mr. Guan was appointed as chairman of the Board and an executive Director in September 2014 after the Company was converted into a joint stock limited liability company. Prior to joining the Company, Mr. Guan served as a clinician at Wenzhou Mental Hospital (溫州市精神病院), a local hospital in Wenzhou, from August 1987 to December 1993, where he was primarily responsible for the medical treatment of psychiatric patients.

Mr. Guan graduated from Wenzhou Medical University (溫州醫科大學) (previously known as Wenzhou Medical College (溫州醫學院)) in Wenzhou in August 1987, majoring in medical assistance. Mr. Guan obtained his senior business operator certificate from Wenzhou Municipal Bureau of Personnel (溫州市人事局) in December 2007. Mr. Guan is the spouse of Ms. WANG Lianyue and the brother-in-law of Mr. XU Yi.

. A G ' (王蓮月), aged 56, is the executive Director and general manager of the Company. She is primarily responsible for the overall hospital operation and business development of the Company. She joined the Company in January 1998 and has served as our general manager since September 2011 and our executive Director since April 2013. Ms. Wang was appointed as our executive Director again in September 2014 after the Company was converted into a joint

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. **A G** (王健), aged 40, is the executive Director, the vice general manager and the secretary to the Board of the Company. He is primarily responsible for overseeing public affairs and investment relationship, corporate financing and listing-related matters. Mr. Wang joined the Company in July 2014 and has served as the secretary to the Board of the Company since then. Mr. Wang was appointed as the secretary to the Board of the Company again in September 2014 after the Company was converted into a joint stock limited liability company. He was appointed as the executive Director and vice general manager of the Company in June 2023. Prior to joining the Company, from June 2009 to July 2014, he served as a staff member (科員) and a senior staff member (副主任科員) in the Xiamen Regulatory Bureau of China Securities Regulatory Commission (中國證券監督管理委員會廈門監管局) where he was primarily responsible for monitoring the corporate governance and information disclosure of listed companies in the Xiamen area. From February 2008 to March 2009, he was a senior auditor at Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)), where he was primarily responsible for audit work. From August 2005 to February 2008, he served as an auditor and senior auditor at PricewaterhouseCoopers Zhongtian Certified Public Accountants Limited, mainly responsible for audit work.

Mr. Wang obtained a bachelor's degree in management from Guanghua School of Management at Peking University (北京大學光華管理學院) in Beijing in July 2005, where he majored in business administration. Mr. Wang was recognized as a non-practicing certified public accountant (註冊會計師非執業會員) by the Chinese Institute of Certified Public Accountants in April 2010 and was granted the legal professional qualification certificate by the Ministry of Justice of the PRC in March 2014.

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. H (秦浩), aged 34, joined the Group in June 2021. He has served as a vice president of investment of Shanghai Loyal Valley Investment Management Co., Limited (上海正心谷投資管理有限公司), a private equity investment company mainly invests in the fields of new consumption, healthcare and advanced manufacturing, is mainly responsible for the investment in pharmaceutical and healthcare industry, since January 2022. He served as a senior investment manager of Shanghai Loyal Valley Investment Management Co., Limited from June 2017 to December 2021.

Mr. Qin graduated from Peking University in June 2014 with a bachelor's degree in medicine. He graduated from Fudan University in June 2017 with a master's degree in finance.

. C (李昌浩), aged 34, joined the Group in October 2021. He has served as the vice president of the investment team of SDIC Chuangyi Industry Fund Management Co., Ltd. (國投創益產業基金管理有限公司) since January 2022, mainly responsible for the investment in private equity projects. Mr. Li has served as a supervisor of Ningxia Yin Xing Energy Co., Ltd. (a listed company on the Shenzhen Stock Exchange with the stock code: 000862, engaged in new energy power generation and new energy equipment engineering businesses) since October 2023. Since April 2023, he has served as a supervisor of Western Gold Co., Ltd. (a listed company on the Shanghai Stock Exchange with the stock code: 601069, engaged in gold mining, dressing and smelting, iron ore mining and dressing, as well as chromite ore mining). He consecutively served as the investment manager and the vice president of SDIC Chuangyi Industry Fund Management Co., Ltd. from May 2014 to December 2021. Since January 2021, he has served as a supervisor of Yunnan Aluminium Co., Ltd. (a company listed on the Shenzhen Stock Exchange with the stock code: 000807.SZ, engaged in bauxite mining, alumina production, aluminum smelting, aluminum processing and the production of carbon products for aluminum). Since April 2021, he has served as a supervisor of Jinkai (Liaoning) Life Science and Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange with the stock code: 301509, engaged in the customized research, development and production services of small-molecule pharmaceutical intermediates and a small amount of active pharmaceutical ingredients).

Mr. Li graduated from Beijing University of Posts and Telecommunications with a bachelor's degree in e-commerce and law in September 2012. He graduated from Queen Mary University of London with a master's degree in marketing in December 2013. Mr. Li was accredited as a chartered financial analyst (CFA) by the Chartered Financial Analyst Institute in August 2017, an intermediate analyst by the Ministry of Human Resources and Social Security of the People's Republic of China in December 2017, and a certified financial risk manager (FRM) by the Global Association Risk Professionals in August 2018.

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. Ч G (鐘文堂), aged 35, joined the Group in June 2020. She has been serving as a partner at the Department of Compliance Consultation, Shanghai Infaith Consulting Co., Ltd. (上海信公企業管理諮詢有限公司), a company engaging in providing consultation services for listed companies, since February 2019, and is mainly responsible for business in sustainable development, and she is in charge of marketing and sales. From February 2016 to February 2019, Ms. Zhong served as a senior consultation manager and consultation business director successively in Shanghai Infaith Consulting Co., Ltd., mainly responsible for business in compliance consultation. From October 2012 to February 2016, she served as an auditor and senior auditor successively in PricewaterhouseCoopers Zhong Tian CPAs Limited Company, mainly responsible for finance and audit for internal control.

Ms. Zhong graduated from Fudan University in Shanghai with a bachelor's degree in sociology in June 2012. She obtained her degree in Master of Business Administration from Fudan University in June 2022.

. (金玲), aged 66, joined the Group in June 2023. Ms. Jin has been the adviser to president and the Chief Accountant of Xiaoshan First People's Hospital (蕭山第一人民醫院) since June 2022. Ms. Jin served as the Chief Accountant of People's Hospital of Zhejiang Province (浙江省人民醫院) from May 2000 to December 2008; the Chief Accountant of the Affiliated Children's Hospital of Zhejiang University School of Medicine (浙江大學醫學院附屬兒童醫院) from January 2009 to June 2013; the Chief Accountant of the Second Affiliated Hospital of Zhejiang University School of Medicine (浙江大學醫學院附屬第二醫院) from July 2013 to December 2018; and the Chief Financial Officer of Shulan (Hangzhou) Hospital (樹蘭(杭州)醫院) from January 2019 to May 2022. Ms. Jin was once engaged concurrently as a lecturer at the Beijing National Accounting Institute (北京國家會計學院) and Zhejiang University School of Management (浙江大學管理學院).

Ms. Jin graduated from Hangzhou Institute of Electronic Engineering (杭州電子工業學院) with an adult undergraduate degree in July 1996; she obtained a master's degree in business administration from The Open University of Hong Kong (now known as Hong Kong Metropolitan University) in June 2005. In December 2010, Ms. Jin was accredited as a senior accountant by the Human Resources and Social Security Department of Zhejiang Province (浙江省人力資源和社會保障廳).

. CЧA ' Ч (陳世強), aged 69, joined the Group in June 2023. Mr. Chan has been as a partner of Liau, Ho & Chan (廖何陳律師行), a Hong Kong law firm, since April 1986, is mainly responsible for cross-border & international business, real estate and notarial issues in China. Mr. Chan has been the Founding Vice President of the Hong Kong Professionals and Senior Executives Association (香港專業及資深行政人員協會) since September 2006. From October 2006 to October 2011, he was a member of the Chief Executive Election Committee of Hong Kong. He was a member of the Chinese People

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Supervisors

. (許寧), aged 51, is chairman of the Supervisory Committee. He is primarily responsible for supervising our daily operations and management. Mr. Xu joined the Company in March 2016, and is currently the president of administration and the president of the public relations department of the Company. He is primarily responsible for the administration and brand building of the Company. Mr. Xu acted as the deputy head of office from March 2016 to October 2016, primarily responsible for the supervision of office daily operation. From November 2016 to December 2017, he served as the head of the personnel section, primarily responsible for staff evaluation and staff recruitment and deployment. He served as the vice president of the human resources department of the Company from January 2018 to June 2022. He was appointed as the vice president of the branding department in January 2022 and was appointed as the vice president of administration in June 2022. He was appointed as the executive president and the president of public relations department in March 2023. Prior to joining the Company, he worked with Wenzhou TV Station (溫州電視台) successively as a news reporter at the news department of the news and general channel, producer of "Wenzhou News" (《溫州新聞聯播》), producer at the special feature department from September 1998 to February 2016, during which he was primarily responsible for news reporting and editing.

Mr. Xu graduated from Beijing Broadcasting Institute (北京廣播學院) (now known as the Communication University of China (中國傳媒大學)) in July 1998 with a bachelor's degree of arts. He received the professional qualification of first class human resources manager (一級人力資源管理師) from the Ministry of Human Resources and Social Security of the People's Republic of China in February 2018.

. ' (徐永久), aged 47, is our Supervisor. He joined the Company in October 2021 and is primarily responsible for supervising our daily operations and management. Since April 2023, he has served as a president, director and chairman of the investment committee of Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) and is mainly responsible for comprehensive operations and management. Since June 2021, he has been the representative appointed by the managing partners of Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)). From July 2004 to December 2007, he served as the senior investment manager of the Development Research Headquarters of Shanghai International Group. From December 2007 to March 2009, he worked at the Investment Banking Headquarters in Asia Pacific of Citigroup. From March 2009 to September 2011, he served as an executive director of Shanghai International Group and the Securities Investment Headquarters of Shanghai Trust. From October 2011 to October 2015, Mr. Xu served as an executive director of GP Capital Co., Ltd. (金浦產業投資基金管理有限公司). From April 2016 to March 2023, he served as a director, member of the investment committee and senior partner of Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) and is mainly responsible for financial and medical investment.

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Mr. Xu graduated from Southwestern University of Finance and Economics with a bachelor's degree in economics in July 2000. He graduated from Fudan University with a master's degree in finance in June 2004. Since January 2015, he has been studying in the School of Life Sciences at Fudan University, where he receives his master's degree in biotechnology engineering. He graduated from China Europe International Business School with EMBA (Executive Master of Business Administration) in November 2022.

. A C (錢成良), aged 74, is our independent Supervisor. He is primarily responsible for monitoring our compliance with laws and regulations. Mr. Qian joined the Company in June 2017 and has served as our independent Supervisor since then. Prior to joining the Company, from May 2007 to May 2012, he served as a deputy officer at the Standing Committee of Wenzhou Municipal People's Congress (溫州市人大常委會). From February 2003 to April 2007, he served as a vice mayor of Wenzhou. From October 1996 to January 2003, he served as a member of Standing Committee and officer of the organization division in Lishui (麗水市委常委). From November 1995 to September 1996, he served as an executive deputy officer of the organization division of the municipal committee of the Communist Party in Wenzhou.

. E (謝鐵凡), aged 45, is our Supervisor. He is primarily responsible for monitoring our compliance with laws and regulations. Mr. Xie joined the Company in May 2000 and currently serves as material purchasing department manager, is primarily responsible for equipment purchase and management. From May 2000 to August 2017, he held a variety of positions in the Company including the deputy director of the information department, the deputy director of the equipment department, the director of the equipment department. He was appointed as a Supervisor in September 2014 after the Company was converted into a joint stock limited liability company. He was appointed as material purchasing department manager in September 2017.

Mr. Xie graduated from the Open University of China (中央廣播電視大學) in Beijing with an associate degree in finance in December 2004. He graduated from Jinggangshan University in Jiangxi Province in January 2016, obtaining a bachelor's degree in biomedical engineering. Mr. Xie was conferred the title of Assistant Engineer by the Wenzhou Municipal Bureau of Human Resources in December 2007. He obtained the intermediate clinical qualification from the Department of Human Resources and Social Security of Zhejiang Province in September 2024.

. "IA G , (張玥), aged 30, is our Supervisor. She joined the Company in June 2023 and is currently mainly responsible for supervising our daily operation and management. She has been an investment manager of Shanghai Yuhong Capital Co., Ltd., a private equity firm focusing on impact investments, since October 2021 and is primarily responsible for investing in/managing mental health programs for the youth and elderly.

Ms. Zhang graduated from Jiangnan University in June 2017 with a bachelor's degree in economics, and graduated from the University of Sydney, Australia with a master of business degree in June 2020.

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Senior Management

. Ч C (周朝毅), aged 62, is our vice general manager. He is primarily responsible for assisting the general manager in managing the infrastructure of our Company. Mr. Zhou joined the Company in February 2005 and has served as our vice general manager since then. He was appointed as our vice general manger in September 2014 again after the Company was converted into a joint stock limited liability company. Prior to joining the Company, from November 1995 to December 2004, Mr. Zhou served as the vice president of Wenzhou Cardiovascular Hospital (溫州心血管醫院) which is a local hospital in Wenzhou, where he was primarily responsible for logistics. From May 1990 to October 1995, Mr. Zhou served as the assistant to president and section chief (科長) of human resources and security section at Wenzhou Traditional Chinese Medicine Hospital (溫州市中醫院) which is a local hospital in Wenzhou, where he was primarily responsible for human resources and security. From January 1986 to April 1990, Mr. Zhou served as the human resource officer and deputy office director-general at Wenzhou Qigong Sanatorium (溫州市氣功療養院) in Wenzhou, where he was primarily responsible for human resources and youth work organization.

Mr. Zhou was accredited as senior business operator by Wenzhou Municipal Human Resources and Social Security Bureau in November 2015.

. Ł (葉敏捷), aged 51, is our vice general manager. He is primarily responsible for assisting the general manager in the management of scientific researching and teaching, and international cooperation of the Company. He joined the Company in October 2013 as the vice president. Mr. Ye was appointed as our vice general manger in September 2014 after the Company was converted into a joint stock limited liability company. Prior to joining the Company, from July 1994 to September 2013, he was the section chief (科長) at Wenzhou Mental Hospital (溫州市精神病院), which is a local hospital in Wenzhou, where he was primarily responsible for scientific research and teaching.

Mr. Ye graduated from Xinxiang Medical College (新鄉醫學院) with a master's degree in psychiatry and mental health in Xinxiang, Henan Province in July 2007. He was accredited as chief physician in psychiatry by the Human Resources and Social Security Bureau of Zhejiang Province (浙江省人力資源和社會保障廳) in January 2014.

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. (王健), aged 40, is an executive director, deputy general manager and secretary of the board of directors of the Company. For detailed information of Mr. Wang's resume, please refer to the section of "Directors, Supervisors and Senior Management – Executive Directors" in this annual report.

. ' (金偉光), aged 56, is our vice general manager. He is primarily responsible for handling the operation of the Company's hospitals in Haixi region. Mr. Jin joined the Company in May 2015 and served as the vice general manager of Shenzhen Yining Hospital from May 2015 to May 2017, where he was primarily responsible for operation functions. Mr. Jin served as the chief investment officer of the Company from May 2017 to February 2022 and has served as the general manager of Haixi region of the Company since February 2022. He was appointed as the vice general manager of the Company in November 2018. Prior to joining the Company, from August 1987 to April 2015, he served in Wenzhou Municipal Health Bureau (溫州市衛生局), mainly responsible for planning, finance and other management works, concurrently serving as director of the planning finance department of Wenzhou Municipal Health Bureau from April 2009 to April 2015. From March 2002 to March 2009, he served as deputy head of office and deputy director of the planning finance department of Wenzhou Municipal Health Bureau.

Mr. Jin graduated from the Correspondence College of the Party School of the Central Committee of CPC (中央黨校函授學院) in December 1997, majoring in economic management. He graduated from the regional economic postgraduate course of Zhejiang Normal University (浙江師範大學區域經濟研究生課程進修班) in August 2002. He graduated from the Australian Training Course on Health Administration (Medical Quality Management) (澳大利亞衛生行政管理(醫療質量管理)培訓班) in November 2003. He also graduated from the Public Administration Seminar of Zhejiang University (浙江大學公共管理研修班) in November 2004.

. Ч (金輝), aged 38, is our chief financial officer. He is primarily responsible for the overall financial management. He joined the Company in January 2022 and has served as our chief financial officer. Prior to joining the Company, he served as audit assistant, project leader and senior partner of Zhejiang Huaming Certified Public Accountants Company Limited (浙江華明會計師事務所有限公司) from February 2012 to December 2021, primarily responsible for the audit of various corporations, enterprises or institutions. He was responsible for the annual report and economic responsibility audit of Wenzhou municipal hospitals; annual report audit projects of large state-owned enterprises; audit of real estate, banking and other industries and government departments. He was employed as a budget review expert of Wenzhou Municipal People's Congress in November 2018, primarily responsible for the review and supervision of budget and final account settlement. Prior to joining the Zhejiang Huaming Certified Public Accountants Company Limited, he served as an audit assistant in Wenzhou Lead Certified Public Accountants Company Limited (溫州立德會計師事務所有限公司) from February 2009 to January 2012.

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Mr. Jin graduated from Zhejiang University of Finance & Economics (浙江財經大學) with a bachelor's degree in economics in June 2008. He obtained the qualification of certified public accountant issued by Zhejiang Provincial Department of Finance in March 2013. He was awarded a legal professional qualification certificate by the Ministry of Justice of the People's Republic of China in March 2024.

Save as disclosed in the following table, during the Reporting Period, other Directors, Supervisors or senior management of the Company did not hold any positions in any members of the Group:

D /	G ,	G ,	
GUAN Weili	Qingtian Kangning Hospital Co., Ltd.	Executive director	From April 2011 to December 2024
	Qingtian Kangning Hospital Co., Ltd.	Director	From December 2024 to present
	Cangnan Kangning Hospital Co., Ltd.	Executive director	From June 2012 to present
	Yongjia Kangning Hospital Co., Ltd.	Executive director	From December 2012 to present
	Yueqing Kangning Hospital Co., Ltd.	Executive director	From September 2013 to present
	Beijing Yining Hospital Co., Ltd.	Chairman	From August 2015 to June 2024
	Wenzhou Yining Geriatric Hospital Co., Ltd.	Executive director	From November 2015 to present
	Pingyang Kangning Hospital Co., Ltd.	Executive director	From November 2015 to present
	Wenzhou Lucheng Yining Hospital Co., Ltd.	Chairman, General manager	From April 2020 to present
	Wenzhou Yining Nursing Home Co., Ltd.	Director	From August 2024 to present
	Qingtian Kangning Property Management Co., Ltd.	Director	From November 2024 to present

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G '	G '		
WANG Lianyue	Yiwu Kangning Hospital Management Co., Ltd.	Executive director, Manager	From January 2017 to present
	Qingtian Kangning Hospital Co., Ltd.	Manager	From December 2018 to present
	Beijing Yining Hospital Co., Ltd.	Director	From May 2019 to June 2024
	Beijing Yining Hospital Co., Ltd.	Executive director	From June 2024 to present
	Hangzhou Yining Nursery Service Co., Ltd.	Executive director, General manager	From December 2020 to present
	Zhejiang Yining Health Technology Co., Ltd.	Executive director	From September 2022 to present
	Zhejiang Dening Pharmaceutical Co., Ltd.	Chairman	From September 2022 to present
	Chun'an Kangning Huangfeng Hospital Co., Ltd.	Director	From November 2022 to present
	Changchun Kanglin Psychological Hospital Co., Ltd.	Chairman	From May 2023 to present
	Wenzhou Gaopin Fangzhou Hospital Co., Ltd.	Executive director, Manager	From May 2024 to present
	Qingtian Kangning Property Management Co., Ltd.	Manager	From November 2024 to present

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D /	G '	G '	
XU Yi	Qingtian Kangning Hospital Co., Ltd.	Supervisor	From April 2011 to present
	Yueqing Kangning Hospital Co., Ltd.	Supervisor	From September 2013 to present
	Shenzhen Yining Hospital Co., Ltd.	Supervisor	From September 2014 to present
	Wenzhou Yining Geriatric Hospital Co., Ltd.	Supervisor	From November 2015 to present
	Beijing Yining Hospital Co., Ltd.	Supervisor	From August 2015 to June 2024
	Taizhou Kangning Hospital Co., Ltd.	Executive director	From June 2016 to present
	Zhejiang Kangning Hospital Management (Group) Co., Ltd.	Executive director, General manager	From July 2016 to present
	Taizhou Luqiao Cining Hospital Co., Ltd.	Executive director, Manager	From December 2016 to present
	Huainan Kangning Hospital Co., Ltd.	Chairman	From June 2018 to present
	Hangzhou Cining Hospital Co., Ltd.	Executive director, General manager	From November 2017 to present
	Wenzhou Tianzhentang TCM Clinic Co., Ltd.	Executive director	From January 2018 to present
	Zhejiang Jerinte Health Technology Co., Ltd.	Executive director, General manager	From December 2018 to present
	Wenzhou Lucheng Yining Hospital Co., Ltd.	Director	From April 2020 to present
	Wenzhou Jieling Jingxin Technology Co., Ltd.	Executive director, General manager	From December 2021 to November 2024
	Qingtian Kangning Property Management Co., Ltd.	Supervisor	From November 2024 to present
	Wenzhou Yining Nursing Home Co., Ltd.	Supervisor	From August 2024 to present

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D /	G '	G '	
ZHOU Chaoyi	Yiwu Kangning Hospital Management Co., Ltd.	Supervisor	From January 2017 to present
	Quzhou Yining Hospital Co., Ltd.	Director	From November 2022 to present
	Chun'an Qiandao Lake Kangning Hospital Co., Ltd	Executive director, General manager	From May 2021 to March 2024
WANG Jian	Quzhou Yining Hospital Co., Ltd.	Director	From November 2015 to present
	Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	Chairman, Manager	From January 2019 to present
	Huainan Kangning Hospital Co., Ltd.	Director	From June 2019 to present
	Heze Yining Psychiatric Hospital Co., Ltd.	Director	From March 2020 to present
	Wenzhou Lucheng Yining Hospital Co., Ltd.	Director	From April 2020 to present
	Zhejiang Yining Health Technology Co., Ltd.	Manager	From March 2020 to present
	Yining Psychology Internet Hospital (Wenzhou) Co., Ltd.	Executive director, General manager	From March 2020 to present
	Hangzhou Yining Medical Equipment R&D Co., Ltd.	Executive director, General manager	From April 2021 to present
	Jingyun Shuning Hospital Co., Ltd.	Chairman	From October 2022 to present
	Beijing Yining Hospital Co., Ltd.	Director, Manager	From February 2023 to June 2024
	Beijing Yining Hospital Co., Ltd.	Manager	From June 2024 to present
	Changchun Kanglin Psychological Hospital Co., Ltd.	Director	From May 2023 to present
	Longquan Kangning Hospital Co., Ltd.	Executive director, General manager	From February 2023 to present
	Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	Chairman	From December 2023 to present
	Zhejiang Yining Geriatric Health Service Co., Ltd.	Director, Manager	From April 2024 to present

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D /	G '	G '	
ZHANG Feixue	Linhai Kangning Hospital Co., Ltd.	Executive director, Manager	From January 2018 to present
	Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	Director	From January 2019 to present
	Linhai Cining Hospital Co., Ltd.	Executive director, Manager	From December 2020 to present
JIN Weiguang	Heze Yining Psychiatric Hospital Co., Ltd.	Director	From December 2018 to present
	Pingyang Changgeng Yining Hospital Co., Ltd.	Executive director	From September 2021 to present
XU Ning	Guanxian Yining Hospital Co., Ltd.	Executive director	From July 2019 to present
	Heze Yining Psychiatric Hospital Co., Ltd.	Chairman	From March 2020 to present
JIN Hui	Wenzhou Ouhai Yining Elderly Hospital Co., Ltd.	Supervisor	From September 2022 to present
	Cangnan Yining Nursing Centre Co., Ltd.	Supervisor	From September 2022 to present
	Pingyang Changgeng Yining Hospital Co., Ltd.	Supervisor	From January 2023 to present
	Jinyun Shuning Hospital Co., Ltd.	Director	From May 2024 to present

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Xin Kuai Shi Bao Zi [2025] No. ZA10505

To the Shareholders of Wenzhou Kangning Hospital Co., Ltd.,

I. Opinion

We have audited the accompanying financial statements of Wenzhou Kangning Hospital Co., Ltd. (hereinafter referred to as “Kangning Hospital”), which comprise the consolidated and parent company’s balance sheets as at 31 December 2024, the consolidated and company’s income statements, the consolidated and company’s statements of cash flows, and the consolidated and company’s statements of changes in owners’ equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company’s financial position as at 31 December 2024 and the consolidated and parent company’s financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises (“CASs”).

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing (“CSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of this auditors’ report. We are independent of Kangning Hospital in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants (“CICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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III. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters in our audit:

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(I) Income Recognition Related to Impoverished Patients

Please refer to Note 3.24 Income and Note 5.41 Operating income and operating costs of the Financial Statements.

Kangning Hospital may not be able to fully receive the medical expenses that impoverished patients are responsible for. In order to improve income recognition related to poverty-stricken patients' medical treatment, Kangning Hospital formulated the Detailed Rules on the Accounting for Income related to Poverty-Stricken Patients. According to the rules, it set up an estimation model of the variable consideration in income recognition related to the treatment for impoverished patients. As the estimation of variable consideration in income recognition related to impoverished patients' medical treatment involves significant judgements made by management, we have identified it as a key audit matter.

The audit procedures we had undertaken include:

1. Obtaining the method of variable consideration estimation related to incomes recognition of impoverished patients;

2. Obtaining the historical data of impoverished patients' medical treatment amounts and various types of payments received for each year and quarter, which are required for the application of the variable consideration estimation method;

3. Recalculating the incomes relating to impoverished patients based on the historical data and estimation methods provided by Kangning Hospital, and comparing it with the relevant figures of the Company, specifically focusing on the adjustments of income related to impoverished patients from the prior year;

4. Analyzing the income adjustments made by the Company in previous period regarding impoverished patients based on the comparison results;

5. Conducting sample checks on impoverished patients, and analyzing the hospital's control over income recognition related to this group of patients.

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III. Key Audit Matters (continued)

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Refer to Note 3.18 Impairment of long-term assets, Note 3.31 Changes in significant accounting policies and accounting estimates, and Note 5.16 Goodwill in the financial statements.

According to corporate accounting standards, management is required to conduct an impairment test on goodwill annually. Management considers each acquired medical entity as an independent asset group, thus allocating the goodwill formed through business combinations to the corresponding medical entities for impairment test. As of 31 December 2024, the original value of the goodwill formed through business combination was RMB144,445,442.66, with an impairment provision of RMB30,287,008.74 already accounted for.

Management uses the income approach to assess the recoverable amount of the asset group where goodwill is located, and on this basis, determines the book value of goodwill. Since the results of the goodwill impairment test largely depend on significant judgements and estimates involved in the management's forecast of the future cash flow present value of the relevant asset group, mainly including: the average number of operational inpatient beds, average daily charge per inpatient bed, gross margin, pre-tax discount rate, and perpetual growth rate. Such significant judgements and estimates are influenced by management's assessment of future markets and economic environments. Using different estimates and assumptions could significantly impact the recoverable amount of goodwill, therefore, we consider this matter as a key audit matter.

The audit procedures we had undertaken include:

1. Understanding the key internal controls and evaluation processes related to goodwill impairment with management, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors (such as the complexity of the estimate, subjectivity, and the sensitivity of misreporting caused by management's bias or fraud in making accounting estimates).

2. Based on an understanding of Kangning Hospital's accounting policies and business, evaluating the basis and rationality of management's allocation of goodwill to the combination of asset group.

3. By referring to the historical operating performance of the asset groups related to goodwill, analyzing the key assumptions and methods used by the management in conducting the goodwill impairment test, and judging the reasonableness of management's estimates and assumptions on the fair value measurement of the asset groups to which goodwill belongs.

4. Reviewing the goodwill impairment test report prepared by management, comparing the difference between the book value of the asset group to which the goodwill belongs and the recoverable amount, to confirm whether there is a goodwill impairment.

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III. Key Audit Matters (continued)

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5. Testing the reasonableness of the key assumptions used by the management in conducting the goodwill impairment test (including the average number of inpatient beds in operation, the average daily charge per inpatient bed, and the gross margin). Specifically, we assessed the reasonableness of the key assumptions by comparing them with historical data from other similar medical entities within the group and referring to the medical insurance payment levels in the regions where these medical entities are located.

6. Check the completeness of the disclosures in the related financial statements notes.

IV. Other information

Management of Kangning Hospital (hereinafter referred to as the “management”) is responsible for the other information. The other information comprises all of the information included in 2024 annual report of Kangning Hospital other than the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information, and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of other information, we are required to report that fact. However, we have nothing to report in this regard.

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V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

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(4) Conclude on the appropriateness of the management’s use of the going concern basis of accounting. Conclude on the appropriateness of the management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Kangning Hospital’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause Kangning Hospital to cease to continue as a going concern.

(5) Evaluate the financial statements’ overall presentation (including the disclosures), structure and contents, and whether the financial statements fairly represent the underlying transactions and events.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business ȧctivities within Kangnin5x(a)0.5 (s)0.5p wit(t)0.5 ty (s)0.5p wie as ohin(s)0.5 (o)0.5((s)0.5 (it)0.5 (h)0.5e (c)0.5 (n)0

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As at 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

A	Note 5	B 31 D 2024	Balance as at 31 December 2023
G :			
Cash at bank and on hand	5.1	261,749,010.62	418,861,721.39
Balances with clearing companies			
Loans to banks and other financial institutions			
Financial assets held for trading	5.2	7,938,322.41	7,350,298.53
Derivative financial assets			
Notes receivable	5.3	663,798.83	
Accounts receivable	5.4	571,812,956.97	420,441,069.56
Receivables financing			
Advances to suppliers	5.5	14,713,963.24	9,830,552.98
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	5.6	81,354,941.59	69,705,728.98
Financial assets purchased under resale agreements			
Inventories	5.7	50,629,131.38	60,600,180.25
Including: data source			
Contract assets			
Assets held for sale			
Non-current assets maturing within one year			
Other current assets	5.8	5,859,353.91	858,020.39
,		994,721,478.95	987,647,572.08
- , :			
Disbursement of loans and advances			
Debt investments			
Other debt investments			
Long-term receivables	5.9	14,000,000.00	14,000,000.00
Long-term equity investments	5.10	99,413,985.20	139,071,987.05
Other equity instrument investments			
Other non-current financial assets	5.11	36,755,116.10	65,099,055.34
Investment properties			
Fixed assets	5.12	889,544,442.13	794,856,342.94
Construction in progress	5.13	185,164,227.10	186,980,240.67
Productive biological assets			
Oil and gas assets			
Right-of-use assets	5.14	161,821,444.56	189,054,506.68
Intangible assets	5.15	189,054,506.68	

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As at 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

۴ ' ,	Note 5	B 31 D 2024	Balance as at 31 December 2023
G :			
Short-term borrowings	5.21	91,000,000.00	127,001,700.00
Borrowings from central bank			
Loans from banks and other financial institutions			
Financial liabilities held for trading	5.22	14,000,000.00	12,400,000.00
Derivative financial liabilities			
Notes payable	5.23		1,545,021.09
Accounts payable	5.24	131,936,379.98	110,060,007.67
Advances from customers	5.25	21,319,198.39	26,563,603.06
Contract liabilities	5.26	49,771.35	
Funds from sales of financial assets under repurchase agreement			
Absorption of deposits and interbank deposit			
Receiving from vicariously traded securities			
Receiving from vicariously sold securities			
Employee compensation payable	5.27	85,747,296.61	84,324,006.40
Taxes and surcharges payable	5.28	39,128,083.85	38,553,746.47
Other payables	5.29	81,287,433.15	150,270,575.15
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities maturing within one year	5.30	229,270,444.13	250,411,756.99
Other current liabilities	5.31	615,218.00	
'		694,353,825.46	801,130,416.83
- ' :			
Reserves for insurance contracts			
Long-term borrowings	5.32	691,017,337.44	557,719,214.69
Bonds payable			
Including: preferred stocks			
Perpetual bonds			
Lease liabilities	5.33	151,300,062.80	163,239,532.76
Long-term payables	5.34	76,236,878.60	61,351,340.53
Long-term employee compensation payable			
Provisions			
Deferred income	5.35	8,430,307.00	8,734,099.00
Deferred income tax liabilities	5.18	40,313,058.68	47,306,056.21
Other non-current liabilities			
- '		967,297,644.52	838,350,243.19
		1,661,651,469.98	1,639,480,660.02

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As at 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

′ ,	Note 5	B 31 D 2024	Balance as at 31 December 2023
′ , :			
Share capital	5.36	72,670,000.00	74,600,300.00
Other equity instruments			
Including: preferred stocks			
Perpetual bonds			
Capital reserves	5.37	790,024,238.03	852,695,601.69
Less: treasury stocks	5.38	22,366,848.64	12,587,011.74
Other comprehensive income			
Special reserves			
Surplus reserves	5.39	38,399,577.13	38,399,577.13
General risk reserves			
Retained earnings	5.40	344,285,828.01	311,956,229.16
, , ′		1,223,012,794.53	1,265,064,696.24
,		120,288,896.30	143,141,250.58
′ , ,		1,343,301,690.83	1,408,205,946.82
′ , ,		3,004,953,160.81	3,047,686,606.84

The accompanying notes to the financial statements form an integral part of the financial statements.

Company Principal:	Accounting Principal:	Head of the Accounting Department:
GUAN Weili	JIN Hui	WANG Minhui

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As at 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

A	Note 17	B 31 D 2024	Balance as at 31 December 2023
G :			
Cash at bank and on hand		112,152,552.80	186,837,559.21
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	17.1	69,696,752.09	48,066,557.69
Receivables financing			
Advances to suppliers		2,264,057.74	228,131.12
Other receivables	17.2	616,875,722.47	600,448,325.58
Inventories		10,162,306.19	11,181,002.59
Including: data source			
Contract assets			
Assets held for sale			
Non-current assets maturing within one year			
Other current assets		355,000.00	330,000.00
,		811,506,391.29	847,091,576.19
- , :			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	17.3	834,837,987.87	785,983,439.17
Other equity instrument investments			
Other non-current financial assets		36,755,116.10	65,099,055.34
Investment properties			
Fixed assets		280,273,134.88	288,701,322.35
Construction in progress		622,132.50	113,600.00
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		23,603,766.55	23,680,002.23
Including: data source			
Development expenses			
Including: data source			
Goodwill			
Long-term prepaid expenses		18,701,115.49	18,459,271.72
Deferred income tax assets		17,876,806.13	14,608,690.36
Other non-current assets		6,010,995.66	6,320,388.26
- ,		1,218,681,055.18	1,202,965,769.43
		2,030,187,446.47	2,050,057,345.62

The accompanying notes to the financial statements form an integral part of the financial statements.

Company Principal:	Accounting Principal:	Head of the Accounting Department:
GUAN Weili	JIN Hui	WANG Minhui

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As at 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

’ ,	Note 17	B 31 D 2024	Balance as at 31 December 2023
G :			
Short-term borrowings		75,000,000.00	125,000,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		50,885,691.57	33,774,329.53
Advances from customers		4,828,444.68	4,172,410.35
Contract liabilities			
Employee compensation payable		20,234,697.93	20,572,854.31
Taxes and surcharges payable		3,208,892.78	1,603,746.33
Other payables		51,395,823.13	38,919,608.73
Liabilities held for sale			
Non-current liabilities maturing within one year		172,880,144.00	173,615,500.00
Other current liabilities			
,		378,433,694.09	397,658,449.25
- , :			
Long-term borrowings		399,350,000.00	362,042,127.25
Bonds payable			
Including: preferred stocks			
Perpetual bonds			
Lease liabilities			
Long-term payables		34,016,324.10	25,855,234.63
Long-term employee compensation payable			
Provisions			
Deferred income		8,430,307.00	8,734,099.00
Deferred income tax liabilities			
Other non-current liabilities			
- ,		441,796,631.10	396,631,460.88
		820,230,325.19	794,289,910.13

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As at 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

’ ,	Note 17	B 31 D 2024	Balance as at 31 December 2023
’ , :			
Share capital		72,670,000.00	74,600,300.00
Other equity instruments			
Including: preferred stocks			
Perpetual bonds			
Capital reserves		832,320,975.11	871,230,628.64
Less: treasury stocks		22,366,848.64	12,587,011.74
Other comprehensive income			
Special reserves			
Surplus reserves		38,399,577.13	38,399,577.13
Retained earnings		288,933,417.68	284,123,941.46
’ ,		1,209,957,121.28	1,255,767,435.49
’ ,		2,030,187,446.47	2,050,057,345.62

The accompanying notes to the financial statements form an integral part of the financial statements.

Company Principal:	Accounting Principal:	Head of the Accounting Department:
GUAN Weili	JIN Hui	WANG Minhui

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For the Year Ended 31 December 2024

(Amounts are expressed in RMB unless otherwise stated)

	Note 5	2024	Year 2023
.		**1,654,289,413.23**	1,596,265,532.13
Including: operating income	5.41	**1,654,289,413.23**	1,596,265,532.13
Interest income			
Premiums earned			
Income from handling charges and commissions			
.		**1,549,653,898.69**	1,495,651,128.76
Including: operating costs	5.41	**1,215,885,485.62**	1,185,129,954.78
Interest expense			
Handling charge and commission expenses			
Surrenders			
Net amount of compensation payout			
Net amount withdrawn for insurance liability reserves			
Policy dividend expenses			
Reinsurance costs			
Taxes and surcharges	5.42	**12,336,885.73**	6,474,904.42
Selling and distribution expenses	5.43	**9,972,500.41**	17,102,355.09

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

	Note 5	2024	Year 2023
. (–)		75,353,614.13	101,451,680.01
Plus: non-operating income	5.53	1,528,901.03	9,545,446.16
Less: non-operating expenses	5.54	8,783,028.50	8,783,028.50

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

	Note 5	2024	Year 2023
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be transferred into 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. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign-currency financial statements			
7. Others			

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

	Note 17	2024	Year 2023
.	17.4	382,203,291.48	387,325,861.90
Less: operating cost	17.4	265,234,884.25	269,941,680.92
Taxes and surcharges		4,316,465.04	455,531.13
Selling and distribution expenses		631,732.91	954,503.04
General and administrative expenses		68,141,320.83	76,405,750.06
Research and development expenses		25,088,282.82	20,551,838.32
Financial expenses		15,534,037.93	13,355,222.49
Including: interest expenses		27,155,993.77	24,083,867.34
Interest income		15,686,764.05	15,119,285.04
Plus: other income		4,410,314.14	2,686,378.93
Investment income (“-” for losses)	17.5	49,133,712.65	34,292,572.00
Including: income from investment in associates and joint ventures		1,695,251.38	1,538,932.70
Gains from derecognition of financial assets measured at amortised cost			
Gains from net exposure hedging (“-” for losses)			
Gains from changes in fair value (“-” for losses)		742,239.73	1,982,203.29
Losses from credit impairment (“-” for losses)		4,015,631.88	-2,576,210.65
Losses from asset impairment (“-” for losses)			
Gains from disposal of assets (“-” for losses)			39,085.15
. (–)		61,558,466.10	42,085,364.66
Plus: non-operating income		338,053.84	8,106,945.59
Less: non-operating expenses		27,039,569.49	1,844,670.16
. (–)		34,856,950.45	48,347,640.09
Less: income tax expenses		-3,233,115.77	-1,370,722.10
‰ (–)		38,090,066.22	49,718,362.19
(I) Net profit from continued operation (“-” for net loss)			
(II) Net profit from discontinued operation (“-” for net loss)			

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

	Note 17	2024	Year 2023
¥ ,			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instruments investments			
4. Changes in fair value of the Company’s own credit risk			
( ) ¥			
1. Other comprehensive income that can be transferred into 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. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign-currency financial statements			
7. Others			
¥ .		38,090,066.22	49,718,362.19
¥ . E :			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

The accompanying notes to the financial statements form an integral part of the financial statements.

Company Principal:	Accounting Principal:	Head of the Accounting Department:
GUAN Weili	JIN Hui	WANG Minhui

C C F

For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

	Note 5	2024	Year 2023
. C			
Cash received from sale of goods and rendering of services		1,387,505,397.99	1,563,715,823.56
Net increase in deposits from customers and deposits in banks and other financial institutions			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received from receiving insurance premium of original insurance contract			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interest, handling charges and commissions			
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash from receiving from vicariously traded securities			
Refunds of taxes and surcharges			
Cash received from other operating activities	5.57	46,542,855.34	215,257,897.46
, -		1,434,048,253.33	1,778,973,721.02
Cash paid for purchase of goods and rendering of services		536,137,778.74	534,160,766.19
Net increase in customers' loans and advances			
Net increase in deposits with central bank and with banks and other financial institutions			
Cash paid for original insurance contract claims			
Net increase in loans to banks and other financial institutions			
Cash paid for interest, handling charges and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		642,555,983.44	588,242,659.36
Cash paid for taxes and surcharges		63,003,045.02	54,415,007.31
Cash paid for other operating activities	5.57	92,712,942.45	337,122,050.70
, - ,		1,334,409,749.65	1,513,940,483.56
		99,638,503.68	265,033,237.46

	Note 5	2024	Year 2023
. C			
Cash received from disposal of investments		34,242,178.97	8,279,457.77
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,844,120.35	2,924,93 5 0 1.55 (8,279,457.77)

(C 0 31.923 / 5.55 0 19.832 / 1248,000.00 0 0 /C 0 C 1 C /G 0 49.89417 1 56.6929 600.2008 0 0 255.118 0

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

	Note	2024	Year 2023
. C			
Cash received from sale of goods and rendering of services		355,123,462.58	388,171,338.58
Refunds of taxes and surcharges			
Cash received from other operating activities		563,112,957.82	677,755,040.34
, -		918,236,420.40	1,065,926,378.92
Cash paid for purchase of goods and rendering of services		135,345,404.98	132,581,733.32
Cash paid to and on behalf of employees		163,048,839.70	155,983,637.05
Cash paid for taxes and surcharges		3,350,063.92	1,125,964.24
Cash paid for other operating activities		535,927,923.31	662,158,585.72
, - ,		837,672,231.91	951,849,920.33
		80,564,188.49	114,076,458.59
. C			
Cash received from disposal of investments		139,899,934.13	16,657,744.50
Cash received from investment income		18,438,461.27	45,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		21,024.00	714,238.30
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			108,521,408.71
, -		158,359,419.40	170,893,391.51
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		12,562,107.39	6,217,731.13
Cash paid for investments		184,882,800.00	54,194,772.75
Net cash paid for acquisition of subsidiaries and other business units			
Cash paid for other investing activities			164,426,250.04
, - ,		197,444,907.39	224,838,753.92
		-39,085,487.99	-53,945,362.41

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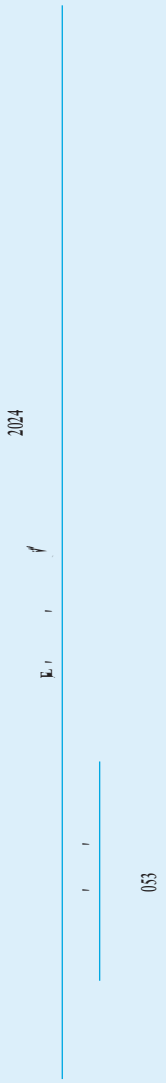
For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)



(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. Amount withdrawn in 2024										
2. Amount used in 2024										
(VI) Others				-35,233,759.07				-35,233,759.07		-35,233,759.07
B 31 D 2024			72,670,000.00	790,024,238.03	22,366,848.64	38,399,577.13	344,285,828.01	1,223,012,794.53	120,288,896.30	1,343,301,690.83

The accompanying notes to the financial statements form an integral part of the financial statements.

Company Pr 207pal:
GUAN Weili

Accounting Pr 207pal:
JIN Hui

Head of the Accounting Department:
WANG Minhui

C C

For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

Year 2023

Item	Equity attributable to owners of the parent company													Minority equity	Total owners' equity
	Other equity instruments				Share capital	Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Sub-total		
	Preferred stocks	Perpetual bonds	Others												
. B 31 D 2022				74,600,300.00		855,078,533.30				38,399,577.13		233,506,534.43	1,201,584,944.86	124,317,673.97	1,325,902,618.83
Plus: changes in accounting policies															
Correction of accounting errors in prior period															
Business combination under common control															
Others															
. B 1 , 2023				74,600,300.00		855,078,533.30				38,399,577.13		233,506,534.43	1,201,584,944.86	124,317,673.97	1,325,902,618.83
. / 2023															
(, -)						-2,382,931.61	12,587,011.74					78,449,694.73	63,479,751.38	18,823,576.61	82,303,327.99
(I) Total comprehensive income												85,947,806.64	85,947,806.64	983,801.18	86,931,607.82
(II) Capital contributed or reduced by owners							12,587,011.74						-12,587,011.74	20,730,696.31	8,143,684.57
1. Common stock contributed by owners							12,587,011.74						-12,587,011.74	20,730,696.31	8,143,684.57
2. Capital contributed by the holders of other equity instruments															
3. Amounts of share-based payments recognised in owner's equity															
4. Others															
(III) Profit distribution												-7,498,111.91	-7,498,111.91	-2,890,920.88	-10,389,032.79
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk reserves															
3. Profit distributed to owners (or shareholders)												-7,498,111.91	-7,498,111.91	-2,890,920.88	-10,389,032.79
4. Others															

C C 'E '

For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2023															
	Equity attributable to owners of the parent company															
	Other equity instruments															
	Share capital	Preferred stocks	Perpetual bonds	Others	Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Sub-total	Minority equity	Total owners' equity
(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 earningsincome														

	2024						
. B 31 D 2023	74,600,300.00		871,230,628.64	12,587,011.74	38,399,577.13	284,123,941.46	1,255,767,435.49
Plus: changes in accounting policies							
Correction of accounting errors in prior period							
Others							
. B 1 , 2023	74,600,300.00		871,230,628.64	12,587,011.74	38,399,577.13	284,123,941.46	1,255,767,435.49
. / 2023 (. -)	-1,930,300.00		-38,909,653.53	9,779,836.90		4,809,476.22	-45,810,314.21
(I) Total comprehensive income						38,090,066.22	38,090,066.22

		Year 2023										
			Other equity instruments									
Item		Share capital	Preferred stocks	Perpetual bonds	Others	Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owners' equity
30	131											

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

1 Company profile

Wenzhou Kangning Hospital Co., Ltd. (the "Company", the "Group") was established as a joint stock cooperative enterprise under the name of Wenzhou City Kangning Psychiatric Rehabilitation Hospital in the PRC in February 1996. The address of the Company's registered office is at Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang, the PRC.

On 15 October 2014, the Company was converted into a joint stock limited liability company and renamed as Wenzhou Kangning Hospital Co., Ltd.

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

As of 31 December 2024, the Company had issued a total of 72.67 million shares with a registered capital of RMB72.67 million; the registered address is at Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang, the PRC, and the headquarters address is at Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang, the PRC.

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

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

The financial statements were approved by the board of directors of the Company for disclosure on 28 March 2025.

2 Preparation basis for financial statements

2.1 B

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

2.2 G

The financial statements are prepared on a going concern basis.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates

1. For the relevant transactions and matters that require professional judgement based on the principle of substance over form, the Group shall fully disclose the specific circumstances, the reasons and basis of the relevant professional judgement, and the specific accounting treatment related thereto.

2. The Group shall strictly follow the relevant laws and regulations on confidentiality in its preparation and disclosure of financial reports.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.5 A ' ' ' ' ' (continued)

Business combination not under common control: The combination cost refers to the fair value of the assets paid, liabilities incurred or assumed and equity securities issued by the acquirer on the acquisition date for the purpose of acquiring the control over the acquiree. The Company recognises the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company includes the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss. The identifiable assets, liabilities and contingent liabilities of the acquiree that are obtained by the acquirer from combination and conform to the recognition criteria shall be measured at the fair value on the acquisition date.

Direct relevant expenses arising from the business combination are included in the current profit or loss upon occurrence. Trading expenses on issuing equity securities or debt securities for the business combination are included in the initially recognised amount of the equity securities or the debt securities.

3.6 .'

3.6.1 Judgement criteria for control

The scope of consolidation for the consolidated financial statements is determined based on control. The Company and all its subsidiaries are included in the scope of consolidation. Control means the power owned over the investee by the Company which enjoys the variable return through participating in activities related to the investee, and has the ability to affect the return by using the power over the investee.

3.6.2 Procedures for consolidation

The Company treats the enterprise group as a whole accounting entity, and prepare the consolidated financial statements with uniform accounting policies, to reflect the overall financial position, operating results and cash flows of the enterprise group. Impacts of the internal transaction between the Company and its subsidiary or among subsidiaries of the Company should be offset. If any internal transaction indicates that relevant assets have been impaired, the impairment loss should be recognised in full. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.6 .'
(continued)

3.6.2 Procedures for consolidation (continued)

The share of owners' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority owners are respectively and separately presented under the owner's equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current losses shared by a minority shareholder of a subsidiary exceed the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority equity will be offset accordingly.

(1) Increase of subsidiaries or business

During the reporting period, if the Company acquired subsidiary or business from the business combination under common control, the operating results and cash flows of the subsidiary or business combination from the beginning of the current period to the end of the reporting period are included in the consolidated financial statements. At the same time, the beginning amounts of the consolidated financial statements and relevant items of the comparative statement are adjusted, and it is deemed that, after the combination, the reporting entity has been in existence since the point when the ultimate controlling party began to control.

During the reporting period, the Company has acquired the subsidiaries or business from the business combination not under common control, they are included in the consolidated financial statements based on the fair values of various identifiable assets, liabilities and contingent liabilities recognised on the acquisition date.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.6 .'
(continued)

3.6.2 Procedures for consolidation (continued)

(2) Disposal fiFLmidiarcie

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.6 (continued)

3.6.2 Procedures for consolidation (continued)

(2) Disposal of subsidiaries (continued)

② Disposal of subsidiaries by stages (continued)

i. These transactions are concluded at the same time or with their impact on each other taking into consideration;

ii. These transactions as a whole can reach a complete business result;

iii. The occurrence of a transaction depends on that of at least one other transactions;

iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

When these transactions belong to a package of transactions, they are accounted for as a transaction of disposing subsidiary and losing control; however, the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control is recognised as other comprehensive income in the consolidated financial statements, and is transferred into current profit or loss upon loss of control.

Where multiple transactions do not belong to a package deal, before the loss of control, accounting treatment should be made via the partial disposal of equity investments in the subsidiary without losing control; at the loss of control, accounting treatment will be made by the general treatment method for the disposal of subsidiaries.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.6 ,
(continued)

3.6.2 Procedures for consolidation (continued)

(3) Purchase of minority equity of subsidiaries

The stock premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share of net assets calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. Where the stock premium is insufficient to offset, retained earnings will be adjusted.

(4) Partial disposal of equity investments in subsidiaries without losing control

The capital premium of capital reserves in the consolidated balance sheet will be adjusted based on difference between the disposal price and the share which should be enjoyed for the disposal of long-term equity investments in the net assets the subsidiary continuously calculates from the acquisition date or the combination date; if the capital premium is insufficient to offset, retained earnings will be adjusted.

3.7 C , ,

Joint venture arrangements are classified into joint operation and joint venture.

Joint operation refers to the joint venture arrangement under which the joint venturer enjoys the assets relevant to such arrangement and assumes the liabilities relevant to the same.

The Company recognises the following items related to its share of benefits in the joint operation:

(1) Assets it solely holds and its share of jointly-held assets based on its percentage;

(2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;

(3) Income from sale of output enjoyed by it from the joint operation;

(4) Income from sale of output from the joint operation based on its percentage;

(5) Separate costs and costs for the joint operation based on its percentage.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.8 ,

Cash refers to the Company's cash on hand and the unrestricted deposits. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 F , ,

Foreign currency amount will be translated into RMB amount at the spot exchange rate on the transaction date for tally.

The balance of foreign currency items on the balance sheet date are measured at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom is included in the current profit or loss, while other exchange difference arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified to capitalisation is dealt with according to the principle of borrowing capitalisation.

3.10 F ,

When the Company becomes a party to a financial instrument, it shall recognise a financial asset or financial liability.

3.10.1 Classification of financial instruments

According to the business model of financial assets and contractual cash flow characteristics of the same, which are subject to the management of the Group, financial assets are classified at the initial recognition as: financial assets measured at the amortised cost, financial assets measured at fair value through the other comprehensive income and financial assets measured at fair value through the current profit or loss.

The Company classifies the financial assets that meet the following conditions at the same time but have not been designated to be measured at fair value through profit or loss as the financial assets measured at amortised cost:

- The business model is adopted for the purpose of obtaining the contractual cash flow;
- The contract cash flow is only the payment for the principal and the interest based on the outstanding principal amount.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.10F , (continued)

3.10.1 Classification of financial instruments (continued)

Financial assets that meet both the following conditions and have not been designated as financial assets measured at fair value through current profit or loss will be classified as financial assets (debt instruments) measured at fair value through other comprehensive income:

– The purpose of the business model is to collect contractual cash flows and sell such financial assets;

– The contract cash flow is only the payment for the principal and the interest based on the outstanding principal amount.

At the initial recognition, the Company may irrevocably designate the non-trading equity instrument investments as financial assets (equity instruments) measured at fair value through other comprehensive income. The designation is made based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

Except for the financial assets measured at amortised cost and the financial assets measured at fair value through other comprehensive income, the Company classifies other financial assets as financial assets measured at fair value through the current profit or loss. At the initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may irrevocably designate the financial assets that should have been classified as the financial assets measured at amortised cost or those measured at fair value through other comprehensive income as the financial assets measured at fair value through the current profit or loss.

At the initial recognition, financial liabilities are classified as: financial liabilities measured at fair value current profit

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.10F , (continued)

3.10.1 Classification of financial instruments (continued)

According to the above conditions, the financial liabilities designated by the Company mainly include: (circumstances specified in description)

3.10.2 Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortised cost

Financial assets measured at amortised cost include notes receivable, accounts receivable, other receivables, long-term receivables, and debt investments are initially measured at fair value, and relevant transaction costs are included in the initially recognised amount; accounts receivable without significant financing component and accounts receivable with the financing component not exceeding one year and not considered by the Company are initially measured at the contract transaction price.

During the holding period, the interest calculated under the effective interest method is included in the current profit or loss.

At recovery or disposal, the difference between the purchase price obtained and the book value of such financial assets is included in the current profit or loss.

(2) Financial assets (debt instruments) measured at fair value through other comprehensive income

Financial assets (debt instruments) measured at fair value through other comprehensive income include receivables financing and other creditor's investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognised amount. The financial assets are subsequently measured at fair value. Changes in fair value, except for interest calculated with the effective interest method, impairment losses or gains and exchange gains and losses, shall be included in other comprehensive income.

When the financial assets are derecognised, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in the current profit or loss.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.10F , (continued)

3.10.2 Recognition basis and measurement method of financial instruments (continued)

(3) Financial assets (equity instruments) measured at fair value through other comprehensive income

Financial assets (equity instruments) measured at fair value through other comprehensive income, including the investment in other equity instruments, are initially measured at fair value, and relevant transaction costs are included in the initially recognised amount. The subsequent measurement of such financial assets is made at fair value, and the changes in fair value are included in the other comprehensive income. Dividends obtained are included in the current profit or loss.

When a financial asset is derecognised, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in retained earnings.

(4) Financial assets measured at fair value through the current profit or loss

Financial assets measured at fair value through the current profit or loss include the financial assets held for trading, derivative financial assets and other non-current financial assets, etc., of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The financial assets are subsequently measured at fair value. Changes in fair value shall be included in current profit or loss.

(5) Financial liabilities measured at fair value through the current profit or loss

Financial liabilities measured at fair value through the current profit or loss include financial liabilities held for trading and derivative financial liabilities, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The financial liabilities are subsequently measured at fair value. Changes in fair value shall be included in the current profit or loss.

Difference between the fair value and the consideration paid is included in the current profit or loss upon derecognition.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.10F , (continued)

3.10.2 Recognition basis and measurement method of financial instruments (continued)

(6) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised costs include short-term borrowings, notes payable,

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.10F , (continued)

3.10.3 Derecognition of financial assets and recognition basis and measurement method of transfer of financial assets (continued)

The Company shall classify the transfer of the financial assets into the entire transfer and the partial transfer of financial assets. Where the entire transfer of a financial asset meets the derecognition criteria, the difference of the following two amounts will be included in the current profit or loss:

(1) The book value of the transferred financial assets;

(2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally included in owners' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through other comprehensive income).

Where the partial transfer of a financial asset meets the derecognition criteria, the entire book value of the financial asset transferred shall be allocated between the derecognised part and the recognised part based on the relative fair value, and the difference between the following two amounts shall be included in the current profit or loss:

(1) The book value of the derecognised part;

(2) The sum of the consideration for the derecognised part and the amount corresponding to the derecognition part in the accumulated change amount of fair value originally and directly included in owners' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through other comprehensive income).

Where the transfer of financial assets does not meet the derecognition criteria, the financial assets should continue to be recognised, and the consideration received should be recognised as a financial liability.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.10F , (continued)

3.10.4 Derecognition of financial liabilities

Where the present obligations of a financial liability are dissolved in whole or in part, such financial liability or part thereof will be derecognised. Where the Company enters into an agreement with a creditor so as to substitute the existing financial liability with any new financial liability, and the new financial liability is substantially different from the existing one in terms of contractual terms, it shall derecognise the existing financial liability, and shall at the same time recognise new financial liability.

Where substantive changes are made to the contract terms of existing financial liability in whole or in part, the existing financial liabilities shall be derecognised in whole or in part, and the financial liability of which terms have been modified shall be recognised as a new financial liability.

Where financial liabilities are derecognised in whole or in part, the difference between the book value of the financial liabilities derecognised and the consideration paid (including non-cash assets transferred out

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.10F , (continued)

3.10.6 Testing method and accounting treatment of depreciation of financial instruments

The Company performs accounting treatment of impairment for financial assets measured at amortised cost, financial assets (debt instruments) measured at fair value through other comprehensive income and financial guarantee contracts based on the expected credit loss.

By considering such reasonable and well-founded information as relevant matters in the past, current conditions and prediction of future economic conditions, the Company calculates the probability weighted amount, weighted by default risk, of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, to determine the expected credit loss.

For receivables and contract assets arising from the transactions specified in the *Accounting Standards for Business Enterprises No. 14 – Income*, whether or not they contain significant financing components, the Company always makes the provision for credit loss at the amount equivalent to the expected credit loss over the whole duration.

For lease receivables from transactions regulated by the *Accounting Standards for Business Enterprises No. 21 – Lease*, the Company always makes the provision for loss at the amount equivalent to the lifetime expected credit loss.

For other financial instruments, the Company assesses the change in the credit risk of the relevant financial instruments since initial recognition on each balance sheet date.

By comparing the default risk in financial instruments on the balance sheet date with the default risk in financial instruments on the initial recognition date, the Company determines the relative change in default risk in financial instruments during the estimated duration to assess whether the credit risk of financial instruments has greatly increased following the initial recognition of such financial instruments. Generally, the Company believes that the credit risk of the financial in(0.5 (fi)0.5 (naru (o)0.5 (m)0. (he)0.n (at)0.5(th)0.5 (es)(
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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.10F , (continued)

3.10.6 Testing method and accounting treatment of depreciation of financial instruments (continued)

If there is obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss over the entire duration of such financial instrument; if there is no obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss within 12 months in the future of such financial instrument. Amount increased or reversed of provision for loss arising therefrom will be included in the current profit or loss as impairment loss or gain. For financial assets measured at fair value through other comprehensive income (debt instruments), the Company recognises its loss reverses in other comprehensive income, and includes the impairment losses or gains into the current profit or loss, without deduction of book value of such financial assets listed in the balance sheet.

If the Company no longer reasonably expects that the contractual cash flow of the financial assets can be fully or partially recovered, the book balance of the financial assets will be directly written down.

Except for the accounts receivable with provision for bad debt made on an individual basis, the Company divides other financial instruments into several portfolios according to the credit risk characteristics, and determines the expected credit loss on the portfolio basis. The Company's portfolio type and determination basis of the provision for expected credit losses on notes receivable, accounts receivable and other receivables are as follows:

		D
Notes receivable	Portfolio of bank acceptance bill	Segmentation of credit risk characteristics of acceptor groups
	Portfolio of commercial acceptance bill	Segmentation of credit risk characteristics of acceptor groups
Accounts receivable	Portfolio of overdue days	Segmentation of credit risk characteristics of customer groups
	Portfolio of related parties within the scope of consolidation	Segmentation of credit risk characteristics of customer groups
Other receivables	Portfolio of related parties within the scope of consolidation	Segmentation of credit risk characteristics of customer groups
	Portfolio of amounts from related parties outside the scope of consolidation	Segmentation of credit risk characteristics of customer groups
	Portfolio of deposit and margin	Segmentation of credit risk characteristics of contracts
	Portfolio of advances	Segmentation of credit risk characteristics of contracts
	Other portfolios	Segmentation of credit risk characteristics of contracts

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.11

3.11.1 Classification and cost of inventories

Inventories are classified into: turnover materials, stock commodities, goods in transit.

Inventories are initially measured at cost, and the inventory cost includes the procurement cost, processing cost and other expenses arising from making the inventory at their present location and condition.

3.11.2 Measurement method of dispatched inventories

Inventories are measured with the first-in first-out method when dispatched.

3.11.3 Inventory system

Perpetual inventory system is adopted.

3.11.4 Amortisation method for low-cost consumables

Low-cost consumables are amortised at lump-sum method.

3.11.5 Determination criteria and provision method for inventory write-downs

On the balance sheet date, inventories should be measured at the cost or the net realizable value, whichever is lower. Where the inventory cost is higher than its net realizable values, the inventory write-downs should be made. The net realizable values of inventories refer to the amounts of the estimated selling prices of inventories minus the estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

Net realizable values of merchandise inventories held directly for sale, such as finished goods, stock commodities and available-for-sale materials, are measured at the estimated selling prices less estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realizable values of material inventories which need further processing are measured at the estimated selling prices less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realizable values of inventories held for the purpose of fulfillment of sales contracts or service contracts are calculated on the basis of the contract prices; if the quantity of inventories held exceeds that stated in the contract, the net realizable values of the excessive part are calculated on the basis of normal selling prices.

When the inventory write-downs are made, where the previous factor rendering the write-down of the inventory value has been eliminated, for which the net realizable value of the inventory is higher than the book value of the same, the inventory write-downs shall be reversed from the amount of inventory write-downs originally made, and the reversed amount shall be included in the current profit or loss.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.12 - ,

3.12.1 Judgement criteria for common control and significant influence

Common control refers to the mutual control over certain arrangement based on relevant agreements, however, activities related to such arrangement can be decided only when the consensus of the participating party sharing the right of control is obtained. Where the Company exercises common control over the investee together with other parties to the joint venture, and enjoys the right on the investee's net assets, the investee shall be a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of the investee, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company is able to exert significant influence on an investee, the investee should be the Company's associate.

3.12.2 Determination of initial investment costs

(1) Long-term equity investments acquired from business combination

For the long-term equity investments in subsidiaries formed by the business combination under common control, the share of book value of its owners' equity in the combinee in the consolidated financial statements of the ultimate controller shall be recognised, on the combination date, as the initial cost of the long-term equity investment. The difference between ( ) and

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.12 - , (continued)

3.12.2 Determination of initial investment costs (continued)

(2) Long-term equity investments acquired by means other than business combination

For long-term equity investments acquired through making payments in cash, its initial investment cost is the actually paid purchase cost.

For the long-term equity investments acquired from issuing equity securities, the initial investment cost is the fair value of the issued equity securities.

3.13.3 Subsequent measurements and recognition of profit or loss

(1) Long-term equity investments accounted for under the cost method

Long-term equity investments of the Company in its subsidiaries are accounted for under the cost method unless such investments meet the conditions of holding for sale. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognises the current investment income based on the cash dividends or profits enjoyed by the Company and declared to be distributed by the investee.

(2) Long-term equity investments accounted for under the equity method

Long-term equity investments of the Company in associates and joint ventures are accounted for by the equity method. If the initial investment cost is in excess of the share of fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the initial investment cost is in short of the share of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss, and will be adjusted to the initial cost of long-term equity investment.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.12 - , (continued)

3.13.3 Subsequent measurements and recognition of profit or loss (continued)

(2) Long-term equity investments accounted for under the equity method (continued)

The Company shall, based on its attributable share of the net profit or loss and other comprehensive income realised by the investee, respectively recognise the investment income and other comprehensive income, and simultaneously adjust the book value of the long-term equity investment. The Company shall, in the light of the profits or cash dividends that the investee declares to distribute, reduce the book value of the long-term equity investment correspondingly. As to other changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "Other Changes in Owners' Equity"), the Company shall adjust the book value of the long-term equity investment and include such change in the owners' equity.

When recognizing the share of the investee's net profit or loss, other comprehensive income and other changes in owners' equity that the Company shall enjoy, based on fair value of various identifiable assets and others of the investee on acquisition and according to accounting policies and accounting periods of the Company, the Company shall recognise such share after making adjustments to the investee's net profit and other comprehensive income.

The Company calculates its attributable but not realised profit or loss from internal transactions between the Company and its associates or joint ventures based on its attributable percentage and offset such profit or loss, and recognises the investment income on that basis; however, businesses formed by assets invested or sold are excluded. Where the losses from internal transactions that are not realised between the Company and the investee fall into the scope of losses from asset impairment, the full amount of such losses shall be recognised.

The Company's net loss incurred by a joint venture or an associate, except for the obligation to assume additional losses, is limited to a write-down to zero of the book value of the long-term equity investment and other long-term interests that substantially constitute a net investment in the joint venture or associate. Where any joint venture or associate realizes the net profit in the future, the Company shall recognise the income sharing amount when the unrecognised loss sharing amount is offset with the income sharing amount.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.12 - , (continued)

3.13.3 Subsequent measurements and recognition of profit or loss (continued)

(3) Disposal of long-term equity investments (continued)

Where the disposal of subsidiaries' equity investments till the loss of control by stages through multiple transactions belongs to a package deal, the accounting treatment should be made by taking each transaction as the transaction where the subsidiaries' equity investments are disposed and the corresponding control is lost; before the loss of control, the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity disposed should be firstly recognised as other comprehensive income in the individual financial statements, and at the loss of control, all transferred to the profit or loss for the period when the control is lost. If it is not a package deal, each transaction shall be accounted for separately.

3.13

Investment properties are the properties to earn rentals or for capital appreciation or both. Examples include leased land use right, land use right held for transfer upon appreciation, and leased building, (including buildings that have been constructed or developed for future lease out under operating leases, and buildings that are being constructed or developed for future lease out under operating leases).

Subsequent expenses related to investment properties, if the economic benefits associated with such assets are likely to flow in the Company and its cost can be measured reliably, should be recorded in the cost of investment property; otherwise, they should be recorded into the current profit or loss when occur.

The Company measures its existing investment properties by using the cost model. For investment properties measured using the cost method-a building used for rental is subject to Company's depreciation policy for fixed assets, and the land use right used for rental is subject to the amortisation policy for intangible assets.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.14F

3.14.1 Recognition and initial measurement of fixed assets

Fixed assets refer to the tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful lives exceeding one accounting year. Fixed assets are recognised when they simultaneously meet the following conditions:

(1) It is probable that the economic benefits relating to the fixed assets will flow into the Company;

(2) The costs of the fixed assets can be measured reliably.

Fixed assets shall be initially measured at cost with the consideration of the expected discard expenses.

The subsequent expense relating to fixed assets are included in the costs of fixed assets when relevant economic benefits are likely to flow in the Company and their costs can be measured reliably; as for the party replaced, the book value thereof is derecognised; all other subsequent expenses are included in the current profit or loss when they occur.

3.14.2 Depreciation method

The provision for depreciation of fixed assets is made by category and by using the straight-line method and the depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. For fixed assets where the provision for impairment has been made, the depreciation amount in the future will be determined at the book value of the fixed assets where the provision for impairment has been deducted, based on the remaining useful life. Where the fixed assets have the components with different useful lives or bring economic benefits for the enterprise in different ways, then the Company should choose different depreciation rates or methods to separately make the provision for depreciation.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.14F (continued)

3.14.2 Depreciation method (continued)

The depreciation method, depreciation life, residual value rate and annual depreciation rate of fixed assets are as follows:

C	D	D ( )	' ' (%)	A ' (%)
Buildings and constructions	Straight-line method	35	5	2.71
Medical equipment	Straight-line method	3 -10	0-5	9.50-33.33
Transportation facility	Straight-line method	4 -10	5	9.50-23.75
Electronic and other equipment	Straight-line method	3 -10	0-5	9.50-33.33

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.15 C , (continued)

Criteria and time point for carrying forward construction in progress into fixed assets:

C	C ,
Buildings and constructions	(1) The main construction works and supporting works are substantially completed; (2) The project reaches the working condition for its intended use.
Medical equipment or electronic and other equipment requiring installation and commissioning	(1) The equipment facilities have been installed; (2) The commissioning of the equipment has been completed; (3) The equipment has passed the acceptance.

3.16 B

3.16.1 Recognition criteria of capitalisation of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalisation should be capitalised and included in relevant asset costs; other borrowing costs should be recognised as costs based on the amount incurred and be included in the current profit or loss.

Assets eligible for capitalisation refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.16B (continued)

3.16.2 Capitalisation period for borrowing costs

Capitalisation period refers to the period from commencement of capitalisation of borrowing costs to its cessation; period of suspension for capitalisation is excluded.

Borrowing costs may be capitalised only when all the following conditions are met:

(1) Asset expenditures, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalisation, have already been incurred;

(2) Borrowing costs have already been incurred;

(3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have been in progress.

Capitalisation of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalisation have reached the working condition for their intended use or sale.

3.16.3 Period of capitalisation suspension

If the acquisition, construction or production activities of assets eligible for capitalisation are abnormally

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.16B (continued)

3.16.4 Measurement of capitalisation rate and capitalised amounts of borrowing costs

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalisation, borrowing costs of special borrowings actually incurred in the current period less the interest income from undrawn borrowings deposited in the bank or investment income from temporary investment should be recognised as the capitalisation amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalisation, the amount of general borrowings to be capitalised should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalisation rate of used general borrowings. The capitalisation rate is calculated by weighted average interest rate of general borrowings.

During the period for capitalisation, the balance of exchange from the principal and interest of the special borrowings in foreign currency should be capitalised, and included in the cost of assets eligible for capitalisation. The balance of exchange from the principal and interest of other borrowings in foreign currency than the special borrowings in foreign currency should be included in the current profit or loss.

3.17

3.17.1 Measurement method of intangible assets

(1) The Company initially measures intangible assets at cost on acquisition;

The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenses incurred to prepare the assets for their intended uses.

(2) Subsequent measurement

The useful lives of the intangible assets are analyzed and determined on acquisition.

For intangible assets with definite useful lives, the Company makes the amortisation thereof within

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.17 (continued)

3.17.2 Estimate of useful lives for intangible assets with definite useful lives

E , , ( )		A	B
Land use right	40-50	Straight-line method	Land use right certificate
Software	5	Straight-line method	Estimated economic life
Contractual right to provide management services	20-30	Straight-line method	Estimated economic life
Medical practicing qualification	5-20	Straight-line method	Estimated economic life
Trademark right	10	Straight-line method	Estimated economic life

3.17.3 Specific criteria for classifying research and development stages

The Company's expenditures for its internal research and development projects are classified into research expenditures and development expenditures.

Research stage: research stage is the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development stage: development stage is the stage when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.17 (continued)

3.17.4 Specific criteria for qualifying expenditure on the development stages for capitalisation

The expenditures in research stage will be included in the current profit or loss on occurrence. Expenditures at the development stage will be recognised as intangible assets only when the following conditions are simultaneously satisfied, and included in the current profit or loss if the following conditions are not satisfied:

(1) In respect of the technology, it is feasible to finish the intangible asset for use or sale;

(2) It is intended to finish and use or sell the intangible assets;

(3) The ways how the intangible assets generate economic benefits include the way where it is able to prove that the products made by using the intangible assets exist a market or that the intangible assets themselves have the market, and the way where the serviceability of the intangible assets can be proved in case they are used internally;

(4) It is able to finish the development of the intangible assets and to use or sell the same with the support of sufficient technologies, financial resources and other resources;

(5) The expenditure attributable to the intangible assets during its development phase can be measured reliably.

Where the research expenditures and the development expenditures are indistinguishable, the Company shall include research expenditures and development expenditures incurred in the current profit or loss.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.18 -

The Company will conduct the impairment test if the evidence shows that the long-term assets, such as the long-term equity investment, investment properties measured with the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with definite useful lives and oil and gas assets, are impaired on the balance sheet date. If the result of the impairment test shows that the recoverable amount of the asset is lower than its book value, the provision for impairment shall be made and included in impairment loss. The recoverable amount of the asset is the higher of the net amount of its fair value less disposal expenses or the present value of its estimated future cash flows. Provision for assets impairment is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company shall estimate the recoverable amount of the asset group that the individual asset belongs to. The asset portfolio is the minimum asset group that can independently generate the cash inflow.

Goodwill from business combination, intangible assets with indefinite useful lives and intangible assets that have not reached the usable condition should be subject to the impairment test at least once at the end of each year, no matter whether they have any impairment indication.

The Company has conducted an impairment test of goodwill. The book value of goodwill arising from business combination is amortised to related asset groups by the reasonable method as of the purchase date; if it is difficult do so, such value will be amortised to the relevant combination of asset groups. Relevant asset group or combination of asset groups refers to the asset group or combination of asset groups which is able to benefit from the synergistic effect of business combination.

At the time of making an impairment test on the relevant asset groups or portfolios of asset groups containing goodwill, if any indication shows that the goodwill-related asset group or combination of asset groups may have been impaired, the Company will firstly conduct an impairment test on the asset groups or portfolios of asset groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value, to recognise the corresponding impairment loss. Then, the Company shall test the impairment of the asset group or combination of asset groups with goodwill, and compare the book value thereof with said recoverable amount; if the said recoverable amount is lower than the book value thereof, the amount of impairment losses should be firstly used to deduct book value of goodwill allocated to the asset group or the combination of asset group, and then deduct book value of other assets according to the proportion of the book value of other assets other than the goodwill in the asset group or the combination of asset group.

The losses from impairment of the above assets cannot be reversed in subsequent accounting periods once recognised.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.19 -

Long-term prepaid expenses refer to the expenses which have been already incurred but will be borne in the current period and in the future with an amortisation period of over 1 year.

3.20 C

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.21 (continued)

3.21.2 Accounting treatment of post-employment benefits

(1) Defined contribution plan

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognised as liabilities and included in current profit or loss or related assets cost. In addition, the Company also participates in the enterprise annuity plans/supplementary pension funds approved by the relevant state authorities. The Company makes payments to the annuity plan/local social insurance institutions in a certain proportion to the total employee wage, with corresponding expenses included in the current profit or loss or related asset costs.

(2) Defined benefit plan

The Company attributes the benefit obligation under the defined benefit plan to the period during which employees provide service to the Company, based on the formula determined based on the estimated accumulated benefit unit method, and charges the same to the current profit or loss or relevant asset costs.

The deficit or surplus arising from the balance of the present value of the obligations of the defined benefit plans net of the fair value of assets thereof is recognised as a net liability or net asset of the defined benefit plan. For a surplus of defined benefit plan, the Company should measure the net asset of such defined benefit plan at the lower of the surplus of such defined benefit plan and the asset thereof.

The obligations under the defined benefit plan, including the estimated payment obligation within 12 months following the annual report period during which the employees provide service, are discounted to the present value at the market return of the national debt of which the term and currency match those of the obligation under the defined benefit plan on the balance sheet date, or of the high-quality corporate debt in an active market.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.21 (continued)

3.21.2 Accounting treatment of post-employment benefits (continued)

(2) Defined benefit plan (continued)

The service costs of the defined benefit plan and net interest on the net liabilities or net assets in respect of the defined benefit plan are included in the current profit or loss or related asset cost; changes in the re-measurement of net liabilities or net assets under the defined benefit plans should be included in other comprehensive income and should not be reversed in subsequent accounting periods. When the original defined benefit plan terminates, the portion originally included in other comprehensive income will all be transferred to the retained earnings.

For the settlement of the defined benefit plan, the balance between the present value and the settlement price in regard to the defined benefit plan confirmed on the settlement date is recognised and settled as gains or losses.

3.21.3 Accounting treatment of dismissal benefits

Where the Company provides employees with dismissal welfare, the Company shall recognise the employee compensation liability incurred from dismissal welfare at the earlier of the following dates and include such liability in current profit or loss: the date when the Company is unable to unilaterally revoke the dismissal welfare provided for the termination of labor relation or the proposal for layoffs; the date when the Company determines the cost or expense related to the restructuring involving payment of dismissal welfare.

3.22

Where the obligation related to contingency meets all the following conditions simultaneously, it may be recognised as provisions by the Company:

(1) The obligation is a present obligation of the Company;

(2) The performance of such obligation is likely to result in outflow of economic benefits from the Company;

(3) The amount of such obligation can be measured reliably.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.22 (continued)

Provisions are initially measured at the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money, and other factors relating to the contingencies. If the time value of money is significant, the best estimates will be determined after discount of relevant future cash outflows.

When all or part of the expenses necessary for the settlement of provisions of the Company are expected to be compensated by a third party, the compensation shall be separately recognised as an asset only when it is virtually certain that the compensation will be received. The amount recognised for the compensation shall not exceed the book value of the provisions.

The Company reviews the book value of provisions on the balance sheet date. If there is unambiguous evidence indicating that such book value cannot reflect the current best estimate, such book value will be adjusted based on the current best estimate.

3.23 -

The Company's share-based payments are transactions in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees or other parties. The Company's share-based payments include equity-settled share-based payments and cash-settled share-based payments.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.23 - (continued)

3.23.1 Equity-settled share-based payments and equity instruments

The equity-settled share-based payments in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. As for share-based payment transaction that can be exercised immediately after the grant, it should be included in the relevant costs or expenses at the fair value of the equity instrument on the date of grant. The capital reserves should be increased accordingly. As for equity-settled share-based payments, after grant, if the right cannot be exercised until the services within the vesting period come to an end or until the prescribed performance conditions are met, the services obtained in the current period shall be included in the relevant costs or expenses and the capital reserves shall be increased accordingly, based on the best estimate of the equity instruments with exercisable rights on each balance sheet date within the vesting period and according to the fair value on the grant date.

If the Company cancels the equity instruments granted during the waiting period, it shall treat such cancellation as acceleration of the exercisable rights and shall immediately include the amount that should be recognised during the remaining waiting period in the current profit or loss. The capital reserves should be also recognised at the same time. However, if new equity instruments are granted, which are recognised as the replacement of the canceled equity instrument on the grant data, the granted equity instrument for replacement shall be handled in the same way with the disposal of revision of provisions on the original equity instrument and conditions.

3.23.2 Cash-settled share-based payments and equity instruments

A cash-settled share-based payment shall be measured in accordance with the fair value of liabilities calculated and confirmed based on shares or other equity instruments undertaken by the Company. The Company includes the share-based payment for which relevant right can be exercised subsequent to the grant of equity instruments in relevant costs or expenses on the grant date at the fair value of the liability it assumes, and increase liabilities accordingly. For the share-based payment for which relevant right can be exercised after the grant of equity instruments only when the services during the waiting period are completed or the specified performance conditions are met, on each balance sheet date within the waiting period, the Company, based on the best estimate on the situation of exercising relevant right, includes the services acquired during that period in relevant costs or expenses and in liabilities according, at the fair value of the liability the Company assumes. On each balance sheet date and settlement date prior to the settlement of relevant liabilities, the fair value of liability should be remeasured through the current profit or loss.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.23 - (continued)

3.23.2 Cash-settled share-based payments and equity instruments (continued)

The Company modifies a cash-settled share-based payment to an equity-settled share-based payment clarifies that, if an enterprise modifies the terms and conditions in a cash-settled share-based payment agreement to make it an equity-settled share-based payment, on the date of modification (whether it occurs during the waiting period or after the end of the period), it should measure the equity-settled share-based payment at the fair value of the equity instrument granted on the date of modification, with the acquired services recorded in capital reserves and the liability recognised for cash-settled share-based payments on the date of modification derecognised, and include the difference between the two in the current profit or loss. If the waiting period is extended or shortened due to the modification, the Company conducts the accounting treatment for the modified waiting period.

3.24

3.24.1 Accounting policies for income recognition and measurement

The Company recognises income when its performance obligations as stipulated in the contract are fulfilled, that is, when the customer obtained control of the related goods or services. Obtaining control of related goods or services refers to being able to dominate the use of the goods or the services and obtain almost all economic benefits from them.

Where the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation based on the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the contract commencement date. Meanwhile, the Company measures the income according to the transaction price allocated to each individual performance obligation.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.24 (continued)

3.24.1 Accounting policies for income recognition and measurement (continued)

The transaction price is the amount of consideration that the Company expects to receive for the transfer of goods or services to customers, excluding amounts collected on behalf of third parties and amounts that are expected to be returned to customers. The Company determines the transaction price in accordance with the terms of the contract and in combination with its past practice, and meanwhile take into account the impact of variable consideration, the existence of significant financing elements in the contract, non-cash consideration and consideration payable to the customer. The Company determines the transaction price that includes variable consideration at an amount that does not exceed the accumulatively recognised income that is highly unlikely to have a major reversal when the relevant uncertainty is eliminated. Where there is a significant financing element in a contract, the Group determines the transaction price based on the assumed amount of cash to be paid when the customer obtains control of the goods or services, and amortises the difference between the transaction price and the contract consideration over the contract period at the effective interest method. If the Company meets one of the following conditions, it shall perform the performance obligation within a certain period; otherwise, it shall perform the performance obligation at a certain time point:

- The customer obtains and consumes the economic benefits brought by the performance of the Company while the company is performing the obligation.

- The customer is able to control the goods under construction in the Company's performance process.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.24 (continued)

3.24.1 Accounting policies for income recognition and measurement (continued)

For performance obligations performed at a certain time point, the Company recognises income when the customer obtains control of the relevant goods or services. The Company will consider the following signs when judging whether the customer has acquired or services control over the goods, including:

- The Company has a present right to receive payment for the goods or services, i.e. the customer has a present obligation to pay for the goods or services.
- The Company has transferred the legal title of the goods to the customer, which means that the customer has the legal title of the goods.
- The Company has physically transferred the goods to the Customer, which means that the customer has physical possession of the goods.
- The Company has transferred to the customer the principal risks and rewards of ownership of the goods, i.e., the customer has received the principal risks and rewards of ownership of the goods.
- The customer has accepted the goods or services, etc.

The Company determines whether its status is a main principal or agent at the time of engaging in a transaction based on whether it has control over the goods or services prior to transferring them to the customer. If the Company is able to control the goods or services before transferring them to the customer, the Company is the main principal and recognises income based on the total consideration received or receivable; otherwise, the Company is the agent and recognises income based on the amount of commissions or handling fees to which it expects to be entitled.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.24 (continued)

3.24.2 Recognition and measurement methods for disclosure of specific income by business type

(1) Income from treatments and healthcare services

Income from treatments and healthcare services consists of treatment income, other healthcare service income and forensic service income. The Company recognises income from the provision of various types of professional medical services to its service recipients when the medical services have been rendered and the price has been paid or an unconditional right to receive payments has been obtained. If the Company has received payments from the service recipients but not yet provided the medical services related to the treatments, such payments are recognised as advances.

(2) Wholesale and retail income of pharmaceutical and equipment

The Company sells pharmaceuticals to the customers on a wholesale or retail basis and recognises income when customers confirm the purchase of the pharmaceuticals.

(3) Income from management services

Income from management services is recognised at the time the services are rendered and in accordance with the progress of the management services rendered when the Company develops a qualified right to receive payments for the cumulative portion of performance to date throughout the period of the contract.

(4) Property leasing income

Property leasing income is the realization of related property leasing income that is recognised on a straight-line basis based on the terms of the contract or agreement with the lessee.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.25 G

3.25.1 Type

Government grants are monetary assets and non-monetary assets freely obtained by the Company from the government, which are classified into the assets-related government grants and the income-related government grants.

Asset-related government grants refer to government grants obtained by the Company for forming long-term assets by acquisition, construction or other manners. Income-related government grants refer to government grants excluding the asset-related government grants.

3.25.2 Timing of recognition

Government grants shall be recognised only if the Company is able to comply with the conditions for the government grants, and is likely to receive the government grants.

3.25.3 Accounting treatment

Assets-related government grants shall be used to offset the book value of relevant assets or recognised

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.25 G (continued)

3.25.3 Accounting treatment (continued)

The interest subsidies of policy-based preferential loans obtained by the Company are subject to the following accounting treatments according to two situations:

(1) Where the finance department appropriates the interest subsidies to the lending bank, and the lending bank provides the loan at the policy-based preferential interest rate to the Company, the Company will take the book-entry value at the loan amount actually received, and relevant loan expenses are calculated based on the principal of the loan and the policy-based preferential interest rate.

(2) Where the finance department directly appropriates the interest subsidies to the Company, the Company will use the corresponding interest subsidies to offset related borrowing costs.

3.26 D

Income tax includes the current income tax and deferred income tax. The Company recognises current income tax and deferred income tax in the current profit or loss, except for the income tax arising from business combinations and transactions or events directly recognised in owners' equity (including other comprehensive income).

The deferred income tax assets and deferred income tax liabilities are calculated and recognised based on the differences (temporary differences) between the tax bases of assets and liabilities and the book values of the same.

Deferred income tax assets are recognised for deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred income tax assets arising therefrom are recognised to the extent that future taxable income will be probable to be available against deductible losses and tax credits.

Taxable temporary differences are recognised as deferred income tax liabilities except in special circumstances.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.26 D (continued)

Special circumstances in which deferred income tax assets or deferred income tax liabilities shall not be recognised include:

- Initial recognition of goodwill;

- Transaction or event that it is not a business combination, and it affects neither accounting profit nor taxable income (or deductible loss) at the time of occurrence, and the initially recognised assets and liabilities do not result in transactions or events that give rise to equal taxable temporary differences and deductible temporary differences.

For the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, the deferred income tax liabilities should be recognised, unless that the timing of the reversal of the temporary differences is able to be controlled by the Company and the temporary differences will be probable not to be reversed in the foreseeable future. For deductible temporary differences arising from investments in associates and joint ventures, when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be used, the deferred income tax asset will be recognised.

On the balance sheet date, the Company measures the deferred income tax assets and deferred income tax liabilities at the tax rate as specified in the tax law and applicable to the period where such assets will be recovered or the liabilities will be discharged.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is unlikely to obtain sufficient taxable income taxes to offset against the benefit of deferred income tax assets, the book value of deferred income tax assets shall be written down. When it is likely to earn sufficient taxable income, the write-down amount shall be reversed.

If the Company has the legal right to settle in net amounts and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current income tax assets and current income tax liabilities of the Company shall be presented based on the net amount after offset.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.26D (continued)

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented by net oobtain

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.27 (continued)

3.27.1 The Company as the lessee (continued)

(2) Lease liabilities

On the commencement date of the lease term, the Company recognises the leases other than short-term leases and leases of low-value assets as lease liabilities. Lease liabilities are initially measured at the present value of the lease payments that have not been paid. Lease payments include:

- Fixed payments (including substantial fixed payments), and if there is any lease incentive, the relevant amount of the lease incentive shall be deducted;
- variable lease payments depending on the index or ratio;
- Payments expected to be payable based on the residual value of the guarantee provided by the Company;
- The exercise price of purchase option, provided that the Hotel reasonably determines that it will exercise the option;
- The amount to be paid to exercise the lease termination option, provided that it is reflected that the Company will exercise the lease termination option during the lease term;

The Company takes the interest rate implicit in lease as the discount rate, or takes the interest rate for incremental borrowings of the Company as the discount rate if the interest rate implicit in lease cannot be determined reasonably.

The Company calculates the interest expenses of lease liabilities in each lease term based on a fixed periodic interest rate, and includes such expenses into the current profit or loss or the related asset costs.

The variable lease payments not included in the measurement of lease liabilities shall be included in the current profit or loss or the related asset costs when they actually occur.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.27 (continued)

3.27.1 The Company as the lessee (continued)

(2) Lease liabilities (continued)

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.27 (continued)

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.27 (continued)

3.27.2 The Company as the lessor (continued)

(1) Accounting treatment of operating lease

The lease receipt from operating lease is recognised as the rent income by the straight-line method during each period within the lease term. The Company capitalises the incurred initial direct expense relevant to the operating lease, and amortises the same on the same basis for rent income recognition during the lease term to include the same in the current profit or loss. Variable lease payments not included in the lease receipt are recognised in the current profit or loss when they are actually incurred. If an operating lease is changed, the Company accounts for it as a new lease from the effective date of the change, and the amount of lease payments received in advance or receivable in connection with the lease before the change is considered to be the amount of payments for the new lease.

(2) Accounting treatment of finance lease

On the commencement date of the lease term, the Company recognises finance lease receivables for finance leases, and derecognises assets under the finance lease. When the Company makes initial measurement of finance lease receivables, the net lease investment is used as the book-entry value of the finance lease receivables. The net investment in leases is the sum of the unguaranteed residual value and the present value of the lease payments not yet received at the beginning of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognises interest income for each period of the lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with "3.10 Financial instruments" herein.

The variable lease payable that is not included in the net lease investment for measurement shall be included in the current profit or loss at the time of actual occurrence.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.27 (continued)

3.27.2 The Company as the lessor (continued)

(2) Accounting treatment of finance lease (continued)

If the finance lease changes and the following conditions are met at the same time, the Company will carry out accounting treatment over the lease change as a separate lease:

- Where any finance lease has changed and meets the following conditions at the same time, the Company should take such lease as an individual lease for accounting treatment;
- The increase in consideration is equivalent to the adjusted individual price of the expanded part of the lease scope according to the contract.

If a change in a finance lease is not accounted for as a separate lease, the Company treats the changed lease separately under the following circumstances:

- If the change takes effect on the commencement of the lease, the lease will be classified as an operating lease, and the Company will treat it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased assets;
- If the change comes into effect on the commencement date of the lease, the lease will be classified as a finance lease, and the Company will carry out accounting treatment according to the policy in Note 3.10 Financial Instruments on modifying or renegotiating the contract.

3.27.3 Sale-and-leaseback deals

The Company determines via assessment whether the assets transfer under leaseback belongs to sales according to the principle specified in "Note 3.24 Income".

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.27 (continued)

3.27.3 Sale-and-leaseback deals (continued)

(1) The Company as the lessee

If the asset transfer in the sale-and-leaseback transaction belongs to sales, the Company as the lessee measures the right-of-use asset formed by the sale-leaseback according to the part related to the use-right obtained from the leaseback in the original book value of assets, and only recognises the relevant gains and losses only for the rights transferred to the lessor;

After the commencement date of the lease term, the subsequent measurement of the right-of-use assets and lease liabilities and the lease changes are detailed in "3.27 Lease 1. The Company as the lessee". In its subsequent measurement of a lease liability arising from a sale-leaseback transaction, the lease payments or changed lease payments shall not be determined in a manner that would result in the lessee recognizing a profit or loss related to the right to use the land acquired under the leaseback.

If the asset transfer in the sale-and-leaseback transaction does not belong to the sale, the Company, as the lessee, continues to confirm the transferred assets and recognises a financial liability equivalent to the transfer income. Please refer to Note 3.10 Financial instruments for the accounting treatment for financial liabilities.

(2) The Company as the lessor

If the asset transfer in the sale-leaseback transaction belongs to sales, the Company as the lessee treats the purchase of assets and accounts for the lease of assets according to the aforementioned policy of "2. The Company as the lessor"; if the asset transfer in the sale-and-leaseback transaction does not belong to the sale, the Company, as the lessor, will not confirm the transferred assets but recognises a financial asset equivalent to the transfer income. Please refer to Note 3.10 Financial instruments for the accounting treatment for financial assets.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.28 , C ’

The Company adopted cost method in the accounting treatment for repurchase of shares, for details, please refer to Note 5.38.

3.29 D

Significant receivables with individual provision for bad debts:	Amounts provided on individual basis represent more than 10% of the total bad debts provision for all types of accounts receivable, with the amounts are more than RMB1,000,000;
Recovery or reversion of significant accounts receivable with provision for bad debts	Amounts recovered on individual basis represent more than 10% of all types of the total accounts receivable, with the amounts are more than RMB1,000,000;
Significant accounts receivable actually written off	Amounts written off on individual basis represent more than 10% of the total bad debts provision for all types of accounts receivable, with the amounts are more than RMB1,000,000;

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.31C

3.31.1 Changes in significant accounting policies

(1) Implementation of the *Interpretation No. 17 of Accounting Standards for Business Enterprises*

On 25 October 2023, the Ministry of Finance issued the *Interpretation No. 17 of Accounting Standards for Business Enterprises* (CK [2023] No. 21, hereinafter referred to as the "Interpretation No. 17").

① Division of current liabilities and non-current liabilities

Interpretation 17 clarifies:

– If the enterprise has no substantial right on the balance sheet date to defer the settlement of liabilities for more than one year after the balance sheet date, the liabilities shall be classified as current liabilities.

– For the liabilities arising from enterprise loan arrangements, the right of the enterprise to defer the repayment of liabilities to more than one year after the balance sheet date may depend on whether the enterprise has complied with the conditions specified in the loan arrangements (hereinafter referred to as the contractual conditions). When judging whether the substantial right to defer debt repayment exists, the enterprise shall only consider the contractual conditions to be followed on or before the balance sheet date, and shall not consider the contractual conditions that the enterprise shall follow after the balance sheet date.

– The liquidation of liabilities at the time of dividing the liquidity of liabilities refers to the release of liabilities by the enterprise transferring cash, other economic resources (such as goods or services) or the enterprise's own equity instruments to the counterparty. If the terms of the liability cause the enterprise to settle by delivering its own equity instruments at the option of the counterparty, if the enterprise classifies the above option as an equity instrument and separately recognises it as an equity component of a compound financial instrument in accordance with the *Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments*, the terms will not affect the liquidity classification of the liability.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.31 C , , (continued)

3.31.1 Changes in significant accounting policies (continued)

(2) Implementation of the *Interpretation No. 18 of Accounting Standards for Business Enterprises* on "accounting for guarantee quality assurance that does not belong to a single performance obligation" (continued)

According to the Interpretation No. 18, when accounting for the provisions arising from the guarantee quality assurance that does not belong to a single performance obligation, it shall, in accordance with the relevant provisions of the *Accounting Standards for Business Enterprises No. 13 – Contingencies*, debit the "main business costs" and "other business costs" and other items, credit the "provisions" item according to the amount of the provisions determined, and accordingly list them in the "operating costs" in the income statement and the "other current liabilities", "non-current liabilities due within one year", "provisions" and other items in the balance sheet.

Enterprises should make retrospective adjustments in accordance with the change in accounting policy when implementing this interpretation for the first time, where the original provision of guarantee quality assurance is included in the "selling and distribution expenses".

The implementation of the Provisions does not have the significant impact on the Company's financial positions and operating results.

3.31.2 Changes in significant accounting estimates

There was no change in the principal accounting estimates of the Company during the reporting period.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

4 Taxation

4.1

	B	
Value-added tax	Output VAT is calculated based on taxable sales income and service income calculated in accordance with tax laws, and VAT payable shall be the difference between the output VAT and input VAT deductible in the same period	3%, 6%,13%
Urban maintenance and construction tax	Levied based on the VAT and consumption tax actually paid	7%
Educational surcharges	Levied based on the actual VAT paid	5%
Enterprise income tax	Levied based on taxable income	15%, 20%, 25%

Notes to disclosure of enterprises with different enterprise income tax rates

Wenzhou Kangning Hospital Co., Ltd.	15%
Zhejiang Jerinte Health Technology Co., Ltd	15%
Yiwu Kangning Hospital Management Co., Ltd.	20%

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

4 Taxation (continued)

4.2

1. Pursuant to the relevant requirements under the *Circular on the Overall Promotion of Pilot Program of Levying VAT in Place of Business Tax* (CS [2016] No. 36) jointly issued by the Ministry of Finance and the State Taxation Administration, the Company and its subsidiaries comply with the provisions of the *Administrative Measures on Medical Institutions* (Order of the State Council No. 149) issued by the State Council and the *Implementation Measures of the Administrative Measures on Medical Institutions* (Order of the Ministry of Health No. 35) issued by the Ministry of Health and the medical services provided by them are exempted from value-added tax upon the registration and obtaining the Medical Institution Practicing License

2. Pursuant to relevant tax regulations, during the Reporting Period, the income from judicial forensic services provided by the Wenzhou Kangning Judicial Forensic Centre, a subsidiary of the Company, shall be subject to VAT at the rate of 3%

3. Pursuant to the *Measures for the Implementation of the Pilot Plan for Levying VAT in Place of Business Tax under the Circular on the Overall Promotion of Pilot Program of Levying VAT in Place of Business Tax* (CS [2016] No. 36) jointly issued by the Ministry of Finance and the State Taxation Administration, during the Reporting Period, the income from rendering of management and consultation services provided by the Company and its subsidiaries was subject to VAT at the tax rate of 6% or a levy rate of 3%.

4. The Company obtained the *Certificate of High and New Technology Enterprise* (No. GR202133010023) issued by the Department of Science and Technology of Zhejiang Province, with a term of validity of 3 years. Under Article 28 of the *Enterprise Income Tax Law of the People's Republic of China*, the Company was subject to the reduced enterprise income tax rate of 15%.

5. On 8 December 2023, Zhejiang Jerinte Health Technology Co., Ltd., a subsidiary of the Company, obtained the Certificate of High and New Technology Enterprise (No. GR202333001809) issued by the Science and Technology Department of Zhejiang Province, with a term of validity of 3 years. Under Article 28 of the *Enterprise Income Tax Law of the People's Republic of China*, the Company was subject to the reduced enterprise income tax rate of 15% from 1 January 2023 to 31 December 2026.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements

5.1 C

Item	B 31 D 2024	Balance as at 31 December 2023
Cash on hand	**192,804.35**	371,623.69
Cash at bank	**255,642,342.05**	416,980,298.98
Other cash balances	**5,913,864.22**	1,509,798.72
Total	**261,749,010.62**	418,861,721.39

Other notes:

At the end of the period, the Company's restricted cash included a total of RMB6,516,266.46, including bank acceptance bill margins, performance bonds, etc., as detailed in Note 5.20.

5.2 F

Item	B 31 D 2024	Balance as at 31 December 2023
Financial assets measured at fair value through the current profit or loss	**7,938,322.41**	7,350,298.53
Including: equity instrument investments	**7,938,322.41**	7,350,298.53
Total	**7,938,322.41**	7,350,298.53

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.3

5.3.1 Presentation of classification of notes receivable

Item	B 31 D 2024	Balance as at 31 December 2023
Bank acceptance bills	663,798.83	
Total	663,798.83	

5.3.2 Disclosure under methods of provision for bad debts by category

	B 31 D 2024					Balance as at 31 December 2023				
	B					Book balance		Provision for bad debts		
Category	A ,	(%)	A ,	(%)	B ,	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts by portfolio with the credit risk characteristics	663,798.83	100.00			663,798.83					
Including:										
Portfolio of bank acceptance bill	663,798.83	100.00			663,798.83					
Total	663,798.83	100.00			663,798.83					

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.4 A ,

5.4.1 Disclosure of accounts receivable by aging

Aging	B 31 D 2024	Balance as at 31 December 2023
Within 1 year	**576,106,513.42**	425,833,221.01
1 – 2 years	**20,258,896.20**	6,696,709.84
2 – 3 years	**4,413,821.89**	4,480,032.80
Over 3 years	**4,766,339.71**	7,780,009.57
Sub-total	**605,545,571.22**	444,789,973.22
Less: provision for bad debts	**33,732,614.25**	24,348,903.66
Total	**571,812,956.97**	420,441,069.56

The aging analysis of the Company's accounts receivable is based on the month in which the payments actually occurred. The payments incurred first will be settled first when the funds are recovered.

5.4.2 Disclosure of accounts receivable by category419111 TmypetaBalance as d(31 December 2024)Tj/T1̲0̲ 1 37.824449 0 To

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.4 A , (continued)

5.4.2 Disclosure of accounts receivable by category (continued)

Significant accounts receivable with individual provision for bad debts:

		B 31 D 2024			Balance as at 31 December 2023	
	B		(%)	B	Book balance	Provision for bad debts
Medical fees due from patients	12,375,105.95	12,337,791.47	99.70		19,507,030.88	12,854,582.28
Total	12,375,105.95	12,337,791.47	/	/	19,507,030.88	12,854,582.28

Note to individual provision for bad debts: see the Note 3.10 for details.

Provision for bad debts by portfolio with the credit risk characteristics:

Item accrued on a portfolio basis:

	B A ,	31 D 2024	
			(%)
Portfolio of overdue days	593,170,465.27	21,394,822.78	3.61
Total	593,170,465.27	21,394,822.78	/

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.4 A , (continued)

5.4.3 Provision, reversal or recovery of provision for bad debts in 2024

	Balance as at 31 December 2023	Changes in 2024				B 31 D 2024
		Provision	Recovery or reversal	Write-off or charge-off	Other (continued)	

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.5 A ,

Presentation of advances to suppliers by aging

A	B A ,	31 D 2024 (%)	Balance as at 31 December 2023 Amount	Proportion (%)
Within 1 year	**14,660,777.90**	**99.64**	9,048,941.18	92.05
1 – 2 years	**53,185.34**	**0.36**	742,811.80	7.56
2 – 3 years			6,000.00	0.06
Over 3 years			32,800.00	0.33
Total	**14,713,963.24**	**100.00**	9,830,552.98	100.00

5.6

	B 31 D 2024	Balance as at 31 December 2023
Interest receivable	**787,500.00**	
Dividends receivable		
Other receivables	**80,567,441.59**	69,705,728.98
Total	**81,354,941.59**	69,705,728.98

5.6.1 Interest receivable

	B 31 D 2024	Balance as at 31 December 2023
Time deposits	**787,500.00**	
Sub-total	**787,500.00**	
Less: provision for bad debts		
Total	**787,500.00**	

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.6 (continued)

5.6.2 Other receivables

(1) Disclosure by aging

Aging	B 31 D	2024 Balance as at 31 December 2023
Within 1 year	**25,849,875.86**	53,412,990.26
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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.6 (continued)

5.6.2 Other receivables (continued)

(2) Classified disclosure by provision of bad debts

	B		31 D	2024		Balance as at 31 December 2023				
						Book balance		Provision for bad debts		
Category	A ,	(%)	A ,	(%)	B ,	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on an individual basis	21,694,758.77	20.72	21,694,758.77	100.00		37,404,736.41	36.58	30,697,494.28	82.07	6,707,242.13
Including:										
Hangzhou Yining Hospital Co., Ltd.	8,000,000.00	7.64	8,000,000.00	100.00		23,709,977.64	23.19	17,002,735.51	71.71	6,707,242.13
Sichuan Hongji Pharmaceutical Co., Ltd.	10,204,311.69	9.74	10,204,311.69	100.00		10,204,311.69	9.98	10,204,311.69	100.00	
Wang Changsheng	3,490,447.08	3.33	3,490,447.08	100.00		3,490,447.08	3.41	3,490,447.08	100.00	
Provision for bad debts by portfolio with the credit risk characteristics	83,025,296.34	79.28	2,457,854.75	2.96	80,567,441.59	64,848,150.27	63.42	1,849,663.42	2.85	62,998,486.85
Including:										
Portfolio of the nature and characteristics of payments	83,025,296.34	79.28	2,457,854.75	2.96	80,567,441.59	64,848,150.27	63.42	1,849,663.42	2.85	62,998,486.85
Total	104,720,055.11	100.00	24,152,613.52	/	80,567,441.59	102,252,886.68	100.00	32,547,157.70	/	69,705,728.98

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.6 (continued)

5.6.2 Other receivables (continued)

(3) Details of provision for bad debts

12-

	( )	( )	
Balance as at 31 December 2023	1,849,663.42	30,697,494.28	32,547,157.70
In 2024, balance as at 31 December 2023			
—Transferred to Stage II			
—Transferred to Stage III			
—Reversed to Stage II			
—Reversed to Stage I			
Provision in 2024	631,733.40	6,707,242.13	7,338,975.53
Reversal in 2024	49.29		49.29
Wrof g0ff in 2024	270.48	15,709,977.64	15,710,248.12
Charg g0ff in 2024	23,222.30		23,222.30
Other changes			
Balance as at 31 December 2024	2,457,854.75	21,694,758.77	24,152,613.52

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.6 (continued)

5.6.2 Other receivables (continued)

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

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

12-

B	( )	( )	
Balance as at 31 December 2023	64,848,150.27	37,404,736.41	102,252,886.68
In 2024, balance as at 31 December 2023			
—Transferred to Stage II			
—Transferred to Stage III			
—Reversed to Stage II			
—Reversed to Stage I			
Increase in 2024	18,177,146.07		18,177,146.07
Derecognition in 2024		15,709,977.64	15,709,977.64
Other changes			
Balance as at 31 December 2024	83,025,296.34	21,694,758.77	104,720,055.11

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.6 (continued)

5.6.2 Other receivables (continued)

(4) Provision, reversal or recovery of provision for bad debts in 2024

Category	Balance as at 31 December 2023	Changes in 2024				B 31 D 2024
		Provision	Recovery or reversal	Write-off or charge-off	Other changes	
Provision for bad debts accrued on an individual basis	30,697,494.28	6,707,242.13		15,709,977.64		21,694,758.77
Provision for bad debts accrued on a portfolio basis	1,849,663.42	631,733.40	49.29	23,492.78		2,457,854.75
Total	32,547,157.70	7,338,975.53	49.29	15,733,470.42		24,152,613.52

(5) Other receivables actually charged off in 2024

Item	Amount charged off
Other receivables actually charged off	15,733,470.42

Specifically, significant other receivables to be charged off:

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.6 (continued)

5.6.2 Other receivables (continued)

(6) Classification by nature of payment

	B	Book balance as at
,	31 D 2024	31 December 2023
Deposit and security deposit	**19,433,847.49**	22,266,761.49
Staff loans	**38,067,000.00**	19,150,000.00
Loans	**3,878,281.89**	4,818,862.51
Advanced payment	**256,914.93**	51,045.33
Receivables from related parties	**39,121,016.95**	52,887,698.31
Others	**3,962,993.85**	3,078,519.04
Total	**104,720,055.11**	102,252,886.68

5.7

B 31 D 2024 Balance as at 31 December 2023

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Category B

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.8 ,

B

31 D 2024

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.10 - ,

5.10.1 Details of long-term equity investments

			Increase/decrease in 2024								
	Balance as at 31 December 2023	Balance of provision for impairment as at 31 December 2023	Additional investment	Reduced investment	Profit or loss on investments recognised by the equity method	Adjustment to other comprehensive income	Other changes in equities	Cash dividends or profits declared to be distributed	Provision for impairment	Others	B 31 D 2024	B 31 D 2024
Associates												
Hangzhou Anken Medical Technology Co., Ltd.	16,018,884.98				2,505,129.87		-11,654,848.94				6,869,165.91	
Wenzhou Longwan Yining Hospital Co., Ltd.	56,841,432.86				-416,654.25						56,424,778.61	
Zhejiang Huangfeng Hospital Management Co., Ltd.	21,561,607.67			21,168,383.43	-393,224.24							
Shaanxi Shanda Hospital Management Consulting Co., Ltd.	22,287,534.75				-297,898.00						21,989,636.75	
Chongqing Hechuan Kangning Hospital Co., Ltd.	18,649,398.65				-1,656,814.62				10,745,274.26		16,992,584.03	10,745,274.26
Zhejiang Fengsheng Nutrition Technology Co., Ltd.	3,713,128.14		2,000,000.00		-801,867.70						4,911,260.44	
Wenzhou Ouyue Health Management Co., Ltd.			3,000,000.00		-28,166.28						2,971,833.72	
Total	139,071,987.05		5,000,000.00	21,168,383.43	-1,089,495.22		-11,654,848.94		10,745,274.26		110,159,259.46	10,745,274.26

Other notes: During this period, the investor of the associate Hangzhou Anken Medical Technology Co., Ltd., Shanghai Sinopharm M&A Equity Investment Fund Partnership (Limited Partnership), reduced its capital, leading to a net asset decrease of RMB37,828,137.78, causing the Company's equity investment share to rise to 30.81%, and correspondingly reducing the capital reserves by RMB11,654,848.94.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.10 - , (continued)

5.10.2 Impairment test of long-term equity investments

In this period, the Company conducted an impairment test on Chongqing Hechuan Kangning Hospital Co., Ltd., determining its recoverable amount based on the net present value of the estimated future cash flows minus disposal costs, and recognised an asset impairment loss of RMB10,745,274.26.

5.11 - ,

B	Balance as at
31 D 2024	31 December 2023

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.13 C , (continued)

5.13.2 Breakdown of construction in progress

	B 31 D 2024		Balance as at 31 December 2023		
	B	B ,	Book balance	Provision for impairment	Book value
The construction project of Lucheng Yining Hospital	159,409,044.58	159,409,044.58	101,029,929.74		101,029,929.74
The construction project of Longquan Kangning Hospital	24,326,199.34	24,326,199.34			
The renovation and expansion project of Linhai Cining Hospital			85,174,600.41		85,174,600.41
The decoration project of Chengdu Yining Hospital	867,174.00	867,174.00			
Other minor decoration projects	561,809.18	561,809.18	775,710.52		775,710.52
Total	185,164,227.10	185,164,227.10	186,980,240.67		186,980,240.67

5 Notes to items of the consolidated financial statements (continued)

5.13 C , (continued)

5.13.3 Changes of significant construction in progress in 2024

Item name	Budget (RMB '0,000)	Balance as at 31 December 2023	Increase in 2024	Amount transferred to fixed assets in 2024	Other decreases in 2024	Balance as at 31 December 2024	Proportion of accumulated project investment in budget (%)	Project progress (%)	Accumulated capitalised amount of interest	Including: capitalisation amount of interest in 2024	Capitalisation rate for the interest of 2024 (%)	Capital source
The construction project of Lucheng Yining Hospital	18,412.19	101,029,929.74	58,379,114.84			159,409,044.58	86.58	90.00	8,223,816.92	4,021,943.50	3.03	Self-owned funds and long-term borrowings
The construction project of Longquan Kangning Hospital	8,754.00		24,326,199.34			24,326,199.34	27.78	30.00				Self-owned funds
The renovation and expansion project of Linhai Cining Hospital	11,585.67	85,174,600.41	30,682,051.40	115,856,651.81			100.00	100.00	2,547,578.83	1,764,381.63	1.83	Self-owned funds and long-term borrowings
Total	/	186,204,530.15	113,387,365.58	115,856,651.81		183,735,243.92	/	/	10,771,395.75	5,786,325.13	/	/

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.14 - ¬

	B,	
	'	
1. Original book value		
(1) Balance as at 31 December 2023	301,405,111.73	301,405,111.73
(2) Increase in 2024	10,312,567.96	10,312,567.96
– New lease	10,949,778.85	10,949,778.85
– Revaluation adjustment	-637,210.89	-637,210.89
(3) Decrease in 2024	4,307,078.05	4,307,078.05
– Disposal	3,221,361.59	3,221,361.59
– Other transfer-out	1,085,716.46	1,085,716.46
(4) Balance as at 31 December 2024	307,410,601.64	307,410,601.64
2. Accumulated depreciation		
(1) Balance as at 31 December 2023	112,350,605.05	112,350,605.05
(2) Increase in 2024	36,130,781.58	36,130,781.58
– Provision	36,130,781.58	36,130,781.58
(3) Decrease in 2024	2,892,229.55	2,892,229.55
– Disposal	2,590,641.64	2,590,641.64
– Other transfer-out	301,587.91	301,587.91
(4) Balance as at 31 December 2024	145,589,157.08	145,589,157.08
3. Provision for impairment		
(1) Balance as at 31 December 2023		
(2) Increase in 2024		
(3) Decrease in 2024		
(4) Balance as at 31 December 2024		
4. Book value		
(1) Book value as at 31 December 2024	161,821,444.56	161,821,444.56
(2) Book value as at 31 December 2023	189,054,506.68	189,054,506.68

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.15

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	,		′	,		
1. Original book value						
(1) Balance as at 31 December 2023	154,962,176.05	3,061,637.13	16,215,218.87	216,837,000.00	32,400,000.00	423,476,032.05
(2) Increase in 2024	3,784,472.43					3,784,472.43
– Purchase	3,784,472.43					3,784,472.43
(3) Decrease in 2024			177,500.00			177,500.00
– Disposal			177,500.00			177,500.00
(4) Balance as at 31 December 2024	158,746,648.48	3,061,637.13	16,037,718.87	216,837,000.00	32,400,000.00	427,083,004.48
2. Accumulated amortisation						
(1) Balance as at 31 December 2023	20,300,242.06	1,077,654.89	8,107,861.28	62,972,140.09	10,696,428.57	103,154,326.89
(2) Increase in 2024	3,424,969.95	327,240.30	2,044,286.86	24,896,233.30	1,728,571.43	32,421,301.84
– Provision	3,424,969.95	327,240.30	2,044,286.86	24,896,233.30	1,728,571.43	32,421,301.84
(3) Decrease in 2024			28,416.51			28,416.51
– Disposal			28,416.51			28,416.51
(4) Balance as at 31 December 2024	23,725,212.01	1,404,895.19	10,123,731.63	87,868,373.39	12,425,000.00	135,547,212.22
3. Provision for impairment						
(1) Balance as at 31 December 2023						
(2) Increase in 2024						
(3) Decrease in 2024						
(4) Balance as at 31 December 2024						
4. Book value						
(1) Book value as at 31 December 2024	135,021,436.47	1,656,741.94	5,913,987.24	128,968,626.61	19,975,000.00	291,535,792.26
(2) Book value as at 31 December 2023	134,661,933.99	1,983,982.24	8,107,357.59	153,864,859.91	21,703,571.43	320,321,705.16

Other notes:

As of 31 December 2024, intangible assets with a book value of RMB60,484,716.91 were used for bank loan mortgages, as detailed in Note 5.20.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.16G

5.16.1 Changes in goodwill

		Increase in 2024		Decrease in 2024			
	Balance as at 31 December 2023	Amount formed through business combination	Provision	Disposal	Others	31 D	2024
Original book value							
Nanjing Yining Hospital Co., Ltd.	9,271,800.00						9,271,800.00
Heze Yining Psychiatric Hospital Co., Ltd.	690,331.47						690,331.47
Guanxian Yining Hospital Co., Ltd.	1,549,022.38						1,549,022.38
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	7,784,850.00						7,784,850.00
Beijing Yining Hospital Co., Ltd.	22,987,331.04						22,987,331.04
Wenzhou Yixin Health Technology Co., Ltd.	151,048.40						151,048.40
Huainan Kangning Hospital Co., Ltd.	5,068,959.78						5,068,959.78
Changchun Kanglin Psychological Hospital Co., Ltd.	6,843,288.91						6,843,288.91
Wenzhou Cining Hospital Co., Ltd.	19,416,285.97						19,416,285.97
Pingyang Changgeng Yining Hospital Co., Ltd.	51,770,194.67						51,770,194.67
Hangzhou Yining Nursery Service Co., Ltd.	1,272,643.00						1,272,643.00
Jinyun Shuning Hospital Co., Ltd.	5,060,323.85						5,060,323.85
Loudi City Kangle Kangning Hospital Co., Ltd.	283,528.10						283,528.10
Dongkou Lening Hospital Co., Ltd.	2,502,854.13						2,502,854.13
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	9,564,442.65						9,564,442.65
Wenzhou Anken Pharmacy Co., Ltd.	228,538.31						228,538.31
Sub-total	144,445,442.66						144,445,442.66
Provision for impairment							
Beijing Yining Hospital Co., Ltd.	22,987,331.04						22,987,331.04
Guanxian Yining Hospital Co., Ltd.	1,549,022.38						1,549,022.38
Jinyun Shuning Hospital Co., Ltd.			5,060,323.85				5,060,323.85
Heze Yining Psychiatric Hospital Co., Ltd.			690,331.47				690,331.47
Sub-total	24,536,353.42		5,750,655.32				30,287,008.74
Book value	119,909,089.24		-5,750,655.32				114,158,433.92

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.16G (continued)

5.16.2 Composition of asset group or combination of asset groups related to the goodwill or information about operating segments

	C	31 D 2024 B	
Nanjing Yining Hospital Co., Ltd.	Independent operation and generation of cash flows	**12,150,376.50**	Yes
Heze Yining Psychiatric Hospital Co., Ltd.	Independent operation and generation of cash flows	**13,495,922.29**	Yes
Guanxian Yining Hospital Co., Ltd.	Independent operation and generation of cash flows	**9,996,916.53**	Yes
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	Independent operation and generation of cash flows	**7,090,912.39**	Yes
Beijing Yining Hospital Co., Ltd.	Independent operation and generation of cash flows	**36,448,619.04**	Yes
Wenzhou Yixin Health Technology Co., Ltd.	Independent operation and generation of cash flows	**132,927.06**	Yes
Huainan Kangning Hospital Co., Ltd.	Independent operation and generation of cash flows	**4,755,450.75**	Yes
Changchun Kanglin Psychological Hospital Co., Ltd.	Independent operation and generation of cash flows	**10,581,447.23**	Yes

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.16G (continued)

5.16.2 Composition of asset group or combination of asset groups related to the goodwill or information about operating segments (continued)

	C	31 D 2024 B	
Wenzhou Cining Hospital Co., Ltd.	Independent operation and generation of cash flows	**37,279,360.06**	Yes
Pingyang Changgeng Yining Hospital Co., Ltd.	Independent operation and generation of cash flows	**119,434,663.26**	Yes
Hangzhou Yining Nursery Service Co., Ltd.	Independent operation and generation of cash flows	**1,676,147.20**	Yes
Jinyun Shuning Hospital Co., Ltd.	Independent operation and generation of cash flows	**69,582,706.16**	Yes
Loudi City Kangle Kangning Hospital Co., Ltd.	Independent operation and generation of cash flows	**23,336,471.96**	Yes
Dongkou Lening Hospital Co., Ltd.	Independent operation and generation of cash flows	**21,590,721.67**	Yes
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	Independent operation and generation of cash flows	**27,599,391.81**	Yes
Wenzhou Anken Pharmacy Co., Ltd.	Independent operation and generation of cash flows	**18,597.98**	Yes

5 Notes to items of the consolidated financial statements (continued)

5.16G (continued)

5.16.3 Specific determination method of recoverable amount

The recoverable amount was determined based on the present value of the estimated future cash flows:

	Book value	Recoverable amount	Impairment amount (Note)	Forecast period	Key parameters during the forecast period	Determination basis of key parameters during the forecast period	Key parameters during stability period (growth rate)	Determination basis of key parameters in stabilization period
Nanjing Yining Hospital Co., Ltd.	30,330,376.50	32,000,000.00		5	See Note 5.16.4 key parameters for goodwill impairment test for details.	Historical data of similar medical subjects	2.20%	Base on the 5-year cash flow forecast approved by the management
Heze Yining Psychiatric Hospital Co., Ltd.	14,849,513.41	13,700,000.00	1,149,513.41	5	See Note 5.16.4 key parameters for goodwill impairment test for details.	Historical data of similar medical subjects	2.20%	Base on the 5-year cash flow forecast approved by the management
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	22,355,324.15	69,000,000.00		5	See Note 5.16.4 key parameters for goodwill impairment test for details.	Historical data of similar medical subjects	2.20%	Base on the 5-year cash flow forecast approved by the management
Huainan Kangning Hospital Co., Ltd.	12,553,850.41	35,000,000.00		5	See Note 5.16.4 key parameters for goodwill impairment test for details.	Historical data of similar medical subjects	2.20%	Base on the 5-year cash flow forecast approved by the management
Changchun Kanglin Psychological Hospital Co., Ltd.	21,182,979.24	71,000,000.00		5	See Note 5.16.4 key parameters for goodwill impairment test for details.	Historical data of similar medical subjects	2.20%	Base on the 5-year cash flow forecast approved by the management
Wenzhou Cining Hospital Co., Ltd.	56,695,646.03	106,000,000.00		5	See Note 5.16.4 key parameters for goodwill impairment test for details.	Historical data of similar medical subjects	2.20%	Base on the 5-year cash flow forecast approved by the management
Hangzhou Yining Nursery Service Co., Ltd.	2,948,790.20	5,000,000.00		5	See Note 5.16.4 key parameters for goodwill impairment test for details.	Historical data of similar medical subjects	2.20%	Base on the 5-year cash flow forecast approved by the management
Pingyang Changgeng Yining Hospital Co., Ltd.	171,204,857.93	172,000,000.00		5	See Note 5.16.4 key parameters for goodwill impairment test for details.	Historical data of similar medical subjects	2.20%	Base on the 5-year cash flow forecast approved by the management
Jinyun Shuning Hospital Co., Ltd.	79,504,909.79	69,000,000.00	10,504,909.79	5	See Note 5.16.4 key parameters for goodwill impairment test for details.	Historical data of similar medical subjects	2.20%	Base on the 5-year cash flow forecast approved by the management
Dongkou Lening Hospital Co., Ltd.	26,273,137.48	28,000,000.00		5	See Note 5.16.4 key parameters for goodwill impairment test for details.	Historical data of similar medical subjects	2.20%	Base on the 5-year cash flow forecast approved by the management
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	46,988,085.61	47,000,000.00		5	See Note 5.16.4 key parameters for goodwill impairment test for details.	Historical data of similar medical subjects	2.20%	Base on the 5-year cash flow forecast approved by the management
Total	484,887,470.74	647,700,000.00	11,654,423.20	/	/	/	/	/

Note: the impairment amount includes a total goodwill impairment loss of RMB5,750,655.32 allocated to the parent company.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.16G (continued)

5.16.4 Key parameters for goodwill impairment test

A ,	A ,	(/ / B)	,	-
Nanjing Yining Hospital Co., Ltd.	162	319	14.08%	12.70%
Heze Yining Psychiatric Hospital Co., Ltd.	300	191	7.47%	12.70%
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	330	228	11.07%	12.70%
Huainan Kangning Hospital Co., Ltd.	220	201	24.40%	12.70%
Changchun Kanglin Psychological Hospital Co., Ltd.	360	225	21.60%	12.70%
Wenzhou Cining Hospital Co., Ltd.	388	582	11.82%	12.70%
Pingyang Changgeng Yining Hospital Co., Ltd.	691	530	6.20%	12.70%
Hangzhou Yining Nursery Service Co., Ltd.	200	126	8.16%	12.70%
Jinyun Shuning Hospital Co., Ltd.	404	274	11.66%	12.70%
Dongkou Lening Hospital Co., Ltd.	320	143	8.54%	12.70%
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	356	207	9.62%	12.70%

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.17 -

Item	Balance as at 31 December 2023	Increase in 2024	Amortisation in 2024	Other decreases	B 31 D 2024
Renovation expenses	175,706,029.27	11,573,213.90	36,908,485.09	120,071.30	150,250,686.78
Rental expenses	178,292.93	38,000.00	71,618.95		144,673.98
Others	26,303.94		14,633.22		11,670.72
Total	175,910,626.14	11,611,213.90	36,994,737.26	120,071.30	150,407,031.48

5.18 D

5.18.1 Deferred income tax assets without offset

	B D ,	31 D D	2024	Balance as at 31 December 2023 Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	26,538,427.87	5,287,300.54		25,318,013.56	5,221,670.24
Unrealised profits from internal transaction	40,937,273.96	10,234,318.49		12,292,271.17	3,073,067.80
Deductible losses	149,112,887.66	30,900,227.31		126,627,704.89	26,623,506.01
Lease liabilities	177,260,490.33	44,473,733.97		181,046,756.88	45,261,689.23
Share-based payments	58,128,415.43	8,720,971.12		54,688,502.33	8,203,275.35
Total	451,977,495.25	99,616,551.43		399,973,248.83	88,383,208.63

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.18 D (continued)

5.18.2 Deferred income tax liabilities without offset

B	31 D	2024	Balance as at 31 December 2023	Deferred income
	D		Taxable temporary differences	Deferred income

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.18 D (continued)

5.18.4 Details of unrecognised deferred income tax assets

	B 31 D 2024	Balance as at 31 December 2023
Deductible temporary differences	8,368,159.52	1,081,752.53
Deductible losses	58,354,984.35	43,468,613.13
Total	66,723,143.87	44,550,365.66

5.18.5 Deductible losses from unrecognised deferred income tax assets will be expired in the following years

	B 31 D 2024	Balance as at 31 December 2023	Remark
2025	11,276,025.44	11,276,025.44	
2026	7,834,515.76	7,834,515.76	
2027	7,112,174.17	7,112,174.17	
2028	11,574,030.72	17,245,897.76	
2029	20,558,238.26		
Total	58,354,984.35	43,468,613.13	

5.19 - ,

	B	31 D 2024		Balance as at 31 December 2023		
	B		B ,	Book balance	Provision for impairment	Book value
Prepaid equity investment expenses	7,764,995.66		7,764,995.66	6,034,588.26		6,034,588.26
Prepayment for house and equipment	3,468,668.68		3,468,668.68	3,654,622.68		3,654,622.68
Total	11,233,664.34		11,233,664.34	9,689,210.94		9,689,210.94

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.20 A

		A 31 D 2024			As at 31 December 2023			
	B	B			Book balance	Book value	Type of restriction	Situation of restriction
Cash and cash equivalents	150,009.00	150,009.00	F	B	772,510.54	772,510.54	Freezing	Bank acceptance bill deposit
	5,000,000.00	5,000,000.00	F		12,000,000.00	12,000,000.00	Freezing	Performance bond
	1,364,131.55	1,364,131.55	F	F	1,361,750.73	1,361,750.73	Freezing	Foreign exchange supervision account
	2,125.91	2,125.91	F		2,120.75	2,120.75	Freezing	Lawsuit
			F		2,000.00	2,000.00	Freezing	Others
Long-term equity investments	208,244,700.00	208,244,700.00			208,244,700.00	208,244,700.00	Pledge	Pledged borrowings
Fixed assets	92,932,472.62	31,960,875.46			101,426,794.17	19,872,320.31	Mortgage	Sale and leaseback
	308,835,922.00	277,405,475.89			161,856,152.45	156,403,844.80	Mortgage	Mortgaged borrowings
Intangible assets	69,872,967.58	60,484,716.91			59,523,538.00	52,511,079.33	Mortgage	Mortgaged borrowings
Total	686,402,328.66	584,612,034.72	/	/	545,189,566.64	451,170,326.46	/	/

5.21 -

	B 31 D 2024	Balance as at 31 December 2023
Mortgaged borrowings	75,000,000.00	125,000,000.00
Guaranteed borrowings	16,000,000.00	2,001,700.00
Total	91,000,000.00	127,001,700.00

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.22 F

	B 31 D 2024	Balance as at 31 December 2023
Financial liabilities held for trading	**14,000,000.00**	12,400,000.00
Total	**14,000,000.00**	12,400,000.00

5.23

C	B 31 D 2024	Balance as at 31 December 2023
Bank acceptance bills		1,545,021.09
Total		1,545,021.09

5.24 A ,

Aging analysis of accounts receivable by recording date is as follows:

	B 31 D 2024	Balance as at 31 December 2023
Within 1 year	**127,861,415.20**	107,790,034.53
1 – 2 years	**3,124,361.77**	1,815,169.24
2 – 3 years	**751,141.60**	85,740.32
Over 3 years	**199,461.41**	369,063.58
Total	**131,936,379.98**	110,060,007.67

As of 31 December 2024, no significant accounts payable over 1 year old or overdue (31 December 2023: none).

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.25 A ,

Item	B 31 D 2024	Balance as at 31 December 2023
Advances from goods and medical treatment	**21,319,198.39**	26,563,603.06
Total	**21,319,198.39**	26,563,603.06

Significant advances from customers with aging more than 1 year as at 31 December 2024 (31 December 2023: none)

5.26 C

	B 31 D 2024	Balance as at 31 December 2023
Contract consideration received	**49,771.35**	
Total	**49,771.35**	

Other notes:

Contract liabilities refer to the obligation to transfer goods to customers for contract consideration already received by the company.

5.27 E

5.27.1 Presentation of employee compensation payable

	Balance as at 31 December 2023	Increase in 2024	Decrease in 2024	B 31 D 2024
Short-term compensation	80,039,461.84	603,318,873.74	600,750,003.58	**82,608,332.00**
Post-employment benefits – defined contribution plans	4,284,544.56	40,793,129.19	41,938,709.14	**3,138,964.61**
Total	84,324,006.40	644,112,002.93	642,688,712.72	**85,747,296.61**

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.27 (continued)

5.27.2 Presentation of short-term compensation

	Balance as at 31 December 2023	Increase in 2024	Decrease in 2024	B 31 D	2024
(1) Salaries, bonuses, allowances and subsidies	77,925,215.48	536,966,304.46	534,703,446.46		80,188,073.48
(2) Employee welfare	268,889.28	20,296,719.20	20,105,720.82		459,887.66
(3) Social insurance premiums	1,639,752.64	22,037,176.74	21,945,683.06		1,731,246.32
Including: medical insurance premiums	1,551,473.36	20,458,117.63	20,379,955.04		1,629,635.95
Work-related injury insurance premiums	87,568.78	1,513,750.04	1,500,418.95		100,899.87
Maternity insurance premiums		65,309.07	65,309.07		
Others	710.50				710.50
(4) Housing provident fund	205,604.44	23,784,329.37	23,784,333.37		205,600.44
(5) Labor union funds and employee education funds		234,343.97	210,819.87		23,524.10
Total	80,039,461.84	603,318,873.74	600,750,003.58		82,608,332.00

5.27.3 Presentation of defined contribution plans

	Balance as at 31 December 2023	Increase in 2024	Decrease in 2024	B 31 D	2024
Basic endowment insurance premiums	4,142,491.99	39,545,166.43	40,639,845.45		3,047,812.97
Unemployment insurance premiums	142,052.57	1,247,962.76	1,298,863.69		91,151.64
Total	4,284,544.56	40,793,129.19	41,938,709.14		3,138,964.61

According to Chinese regulations, the group participates in a statutory defined contribution retirement benefit plan (basic pension insurance) organized by the local government for its employees. Contributions

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.28 ,

,	B 31 D 2024	Balance as at 31 December 2023
Value-added tax	1,253,541.90	3,056,261.74
Enterprise income tax	28,623,585.71	30,600,774.99
Individual income tax	1,280,818.51	1,148,089.23
Urban maintenance and construction tax	128,273.19	134,739.29
House property tax	6,799,424.03	2,960,159.04
Education surtax	65,721.04	96,590.18
Land use tax	778,342.55	523,438.18
Stamp duty	195,717.23	31,053.22
Environmental protection tax	2,121.00	1,869.00
Water conservancy fund	538.69	771.60
Total	39,128,083.85	38,553,746.47

5.29

	B 31 D 2024	Balance as at 31 December 2023
Interest payable	1,919,729.45	35,313.43
Dividends payable	1,090,000.00	624,000.00
Other payables	78,277,703.70	149,611,261.72
Total	81,287,433.15	150,270,575.15

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.29 (continued)

5.29.1 Interest payable

	B 31 D 2024	Balance as at 31 December 2023
Interest on long-term borrowings with interest paid by installments and principal paid on maturity date	**1,919,729.45**	35,313.43
Total	**1,919,729.45**	35,313.43

5.29.2 Dividends payable

	B 31 D 2024	Balance as at 31 December 2023
Dividends payable – minority shareholders of subsidiaries	**1,090,000.00**	624,000.00
Total	**1,090,000.00**	624,000.00

5.29.3 Other payables

(1) Breakdown of other payables by nature

	B 31 D 2024	Balance as at 31 December 2023
Payables for long-term asset purchases	**25,610,062.45**	62,637,634.31
Equity purchase price payable	**1,313,457.77**	1,313,457.77
Accrued expenses	**6,681,680.88**	6,766,360.73
Deposit and security deposit	**1,136,955.18**	1,663,762.95
Current amounts	**24,729,158.13**	38,542,529.94
Loans	**8,748,024.96**	9,845,641.28
Payables to related parties	**9,416,830.18**	28,481,495.22
Others	**641,534.15**	360,379.52
Total	**78,277,703.70**	149,611,261.72

As of 31 December 2024, no significant other payables over 1 year old or overdue.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.30 - ' ' ⁴

	B	
	31 D	2024 Balance as at 31 December 2023

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.34 -

	B 31 D 2024	Balance as at 31 December 2023
Long-term payables	71,916,878.60	61,351,340.53
Special payables	4,320,000.00	
Total	76,236,878.60	61,351,340.53

5.34.1 Long-term payables

	B 31 D 2024	Balance as at 31 December 2023
Account payable for finance lease	110,284,300.10	103,099,208.53
Including: unrealised financing expense	16,422,565.39	15,109,210.13
Less: long-term payables maturing within 1 year	38,367,421.50	41,747,868.00
Total	71,916,878.60	61,351,340.53

5.34.2 Special payables

	Balance as at 31 December 2023	Increase in 2024	Decrease in 2024	B 31 D 2024	Forming reason
Government grants		4,320,000.00		4,320,000.00	Grants for the construction project of Longquan Kangning Hospital Subsidies
Total		4,320,000.00		4,320,000.00	/

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.35 D

	Balance as at 31 December 2023	Increase in 2024	Decrease in 2024	B 31 D 2024	Forming reason
Government grants	8,734,099.00		303,792.00	8,430,307.00	Amortisation not completed yet
Total	8,734,099.00		303,792.00	8,430,307.00	

5.36

		Changes in 2024 ("+" for increase and "-" for decrease)					
	Balance as at 31 December 2023	New shares issued	Share donation	Conversion of reserves into shares	Others	Sub-total	B 31 D 2024
Total shares	74,600,300.00				-1,930,300.00	-1,930,300.00	72,670,000.00

Other description:

During this period, the Company repurchased and cancelled 1,930,300 H shares.

5.37 C

	Balance as at 31 December 2023	Increase in 2024	Decrease in 2024	B 31 D 2024
Stock premium	781,037,804.26		55,014,024.50	726,023,779.76
Other capital reserves				
– Share-based payments	44,857,374.20	3,997,509.78		48,854,883.98
– Other capital reserves	26,800,423.23		11,654,848.94	15,145,574.29
Total	852,695,601.69	3,997,509.78	66,668,873.44	790,024,238.03

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.37C (continued)

Other description, including the description of changes in 2024 and change reasons:

(1) The decrease in stock premium in capital reserves was due to the elimination of stock premium in capital reserves of RMB23,578,910.13 as a result of the Company purchased minority interests in certain subsidiaries, and the difference between the equity consideration and the share of net assets of the subsidiaries calculated on the basis of the newly increased percentage of shareholding in the subsidiaries calculated on an ongoing basis from the date of purchase, see Note 7. 2 for details.

(2) This period, the Company granted treasury TRE from the H Share Award and Trust Scheme to the incentivized subjects, with the difference between the grant price and the cost of the treasury stocks offsetting the capital reserve and stock premium by RMB9,334,383.19.

(3) According to the Proposal to Authorize the Board of Directors to Repurchase a Portion of H Shares deliberated and approved at the Annual General Meeting for 2023, the First H Share Class Meeting for 2024, and the First Domestic Share Class Meeting for 2024 held by the Company on May 30, 2024, the Company has repurchased and cancelled 1,930,300 H shares. The difference between the repurchase price and the par value of the shares resulted in a reduction of the stock premium in the capital reserve by RMB22,100,731.18.

(4) In accordance with the Company's H Share Award and Trust Scheme, a share-based compensation cost of RMB3,997,509.78 was recognised for the period and correspondingly recorded in other capital reserves, as detailed in Note 12.

(5) During this period, the associate Hangzhou Anken Medical Technology Co., Ltd. reduced its investors, and the premium reduction in capital led to an increase in the Company's equity investment share, resulting in a decrease of RMB11,654,848.94 in the capital reserves.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.38 ,

	Balance as at 31 December 2023	Increase in 2024	Decrease in 2024	B 31 D 2024
Shares of the Company acquired for the employee share ownership plans or share incentive	12,587,011.74	25,253,220.09	15,473,383.19	22,366,848.64
Shares of the Company acquired due to a reduction in registered capital		24,031,031.18	24,031,031.18	
Total	12,587,011.74	49,284,251.27	39,504,414.37	22,366,848.64

Other description, including the description of changes in 2024 and change reasons:

(1) Pursuant to the Company'Sh Award024 aTrust Schtat, to ttrustloypurnd ster1,991,600 or shsion ns:

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.40

	2024	Year 2023
Retained earnings at the end of the previous year before adjustment	**311,956,229.16**	233,506,534.43
Total adjustment to retained earnings at the beginning of the year ("+" for increase and "-" for decrease)		
Retained earnings at the beginning of the period after adjustment	**311,956,229.16**	233,506,534.43
Plus: net profit attributable to owners of the parent company in the current period	**65,610,188.85**	85,947,806.64
Less: withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable	**33,280,590.00**	7,498,111.91
Common stock dividends transferred to share capital		
Retained earnings at the end of the period	**344,285,828.01**	311,956,229.16

(1) At the annual general meeting of the Company for 2023 held on 26 April 2024, the *Proposal for the Distribution of Profit for 2023* was deliberated and approved: based on the number of 74,600,300 shares issued by the Company as at 31 December 2023, a cash dividend of RMB3 (inclusive of tax) will be paid for every 10 shares of the Company, and the total amount of cash dividend to be paid will be RMB22,380,090 (including tax) The Company completed the dividend distribution on 28 June 2024. (The exchange rate for payment to H share holders in HKD was 0.9103)

(2) At the First Extraordinary General Meeting held on 14 October 2024, the *Interim Profit Distribution Plan for 2024* was deliberated and approved: Based on the total share capital before the record date determined by the implementation of the interim profit distribution plan for 2024 (74,600,300 shares), and excluding the 1,100,000 H shares repurchased but not cancelled by the Company, a cash dividend of RMB1.50 (tax included) per 10 shares will be distributed, with a total cash dividend of RMB11,025,045 (tax included). The Company completed the dividend distribution on 18 November 2024 (The exchange rate for payment to H share holders in HKD was 0.9097).

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.41

5.41.1 Analysis of operating income and operating cost

	2024		Year 2023	
		C	Income	Cost
Main business	1,517,773,042.05	1,125,416,714.47	1,485,160,594.55	1,107,920,076.52
Other business	136,516,371.18	90,468,771.15	111,104,937.58	77,209,878.26
Total	1,654,289,413.23	1,215,885,485.628.617 0	(136,516,371.18)	29 ,878.26

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.42 ,

	2024	Year 2023

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.44 G

	2024	Year 2023
Employee benefits	129,004,061.40	117,426,249.41
Consulting service fees	6,011,242.51	14,340,685.87
Depreciation costs	17,850,551.80	16,053,053.39
Maintenance and repair expenses	10,919,254.63	11,808,114.41
Amortisation of long-term prepaid expenses	8,751,064.86	9,295,943.53
Auditors' remuneration	2,819,600.00	5,512,000.00
Office expenses	5,031,789.54	5,352,023.47
Amortisation of intangible assets	4,190,150.74	3,751,610.40
Business entertainment fees	5,713,396.43	5,412,016.04
Equity incentive	3,997,509.78	
Traffic and traveling expenses	4,977,716.48	4,724,842.42
Property fee	6,849,479.49	4,210,351.64
House rent	3,732,284.42	2,276,807.42
Dining hall expenses	349,803.81	336,383.83
Drugs and revolving materials consumed	3,012,235.08	2,862,423.39
Outsourcing expenses	3,490,839.71	2,356,838.11
Water and electricity charges	977,577.12	1,038,793.97
Disabled employment security fund	3,316,647.39	1,818,421.94
Special fund for comprehensive treatment	3,084,988.50	2,325,816.39
Others	3,266,011.72	2,123,331.51
Total	227,346,205.41	213,025,707.14

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.45

	2024	Year 2023
Employee benefits	35,534,458.87	30,617,367.73
Outsourcing expenses	97,145.66	418,828.66
Depreciation costs	285,738.36	624,385.94
Drugs and revolving materials consumed	74,158.46	152,451.48
Amortisation of long-term prepaid expenses	915.32	
Testing expenses	16,281.28	18,963.20
Conference expenses		47,787.71
Personnel training expenses	28,826.00	21,880.00
Traffic and travelling expenses	11,422.21	7,034.07
Water and electricity charges	9,622.22	6,591.50
Consulting service fees	23,000.00	13,781.04
Others	438,092.78	537,124.82
Total	36,519,661.16	32,466,196.15

5.46F

	2024	Year 2023
Interest expenses	41,601,182.38	39,936,115.20
Including: interest expenses of lease liability	8,458,214.13	9,755,131.70
Less: interest income	3,122,805.73	5,265,571.27
Gains or losses on exchange	157,162.49	-4,325.27
Handling charges	1,057,179.95	1,091,522.53
Interest charges from unrecognised finance lease	7,900,441.27	5,694,269.99
Total	47,593,160.36	41,452,011.18

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.47

	2024	Year 2023
Government grants	13,058,565.88	15,747,206.89
Additional deduction of input tax	45.41	37,292.41
Handling charges for withdrawal of individual income tax	195,207.54	192,215.93
Total	13,253,818.83	15,976,715.23

5.48

	2024	Year 2023
Income from long-term equity investments calculated under equity method	-1,089,495.22	-6,465,278.89
Investment income from disposal of long-term equity investment	1,844,372.15	697,750.03
Investment income from disposal of financial assets held for trading		-299,668.37
Total	754,876.93	-6,067,197.23

5.49 G ,

, ,	2024	Year 2023
Financial assets held for trading	588,023.88	-3,290,727.47
Financial liabilities held for trading	-1,600,000.00	1,522,929.38
Other non-current financial assets	742,239.73	1,982,203.29
Total	-269,736.39	214,405.20

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.50

	2024	Year 2023
Losses from bad debts of accounts receivable	**19,116,071.67**	7,172,896.37
Losses from bad debts of other receivables	**7,338,926.24**	2,181,839.18
Total	**26,454,997.91**	9,354,735.55

5.51

	2024	Year 2023
Loss from impairment of long-term equity investments	**10,745,274.26**	
Impairment loss from goodwill	**5,750,655.32**	
Total	**16,495,929.58**	

5.52 G

	2024	Year 2023	Amount included in non-recurring profit or loss in the current period
Gain on disposal of non-current assets ("-" for losses)	**-69,932.29**	68,088.99	-69,932.29
Including: Gain on disposal of fixed assets ("-" for losses)	**-69,932.29**	68,088.99	-69,932.29
Total	**-69,932.29**	68,088.99	-69,932.29

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.53 -

	2024	Year 2023	Amount included in non-recurring profit or loss in the current period
Gains from the damage and scrapping of non-current assets	**157,773.18**	32,855.87	157,773.18
Including: fixed assets	**157,773.18**	32,855.87	157,773.18
Accepted donations	**46,960.37**	5,974,990.37	46,960.37
Government grants irrelevant to these routine activities of the Company	**86,363.28**	566,120.96	86,363.28
Gains from counts		129,185.58	
Penalty income		1,000.00	
Liquidated damages income		1,754,952.00	
Various reward income	**89,700.00**		89,700.00
Unpayable payments	**86,864.89**	162,522.85	86,864.89
Others	**1,061,239.31**	923,818.53	1,061,239.31
Total	**1,528,901.03**	9,545,446.16	1,528,901.03

5.54 -

	2024	Year 2023	Amount included in non-recurring profit or loss in the current period
Losses from the damage and scrapping of non-current assets	**1,117,414.85**	291,184.61	1,117,414.85
Including: fixed assets	**1,117,414.85**	291,184.61	1,117,414.85
External donation outlay	**2,697,864.84**	4,494,074.74	2,697,864.84
Abnormal losses	**20,094.09**	264,009.83	20,094.09
Inventory losses	**49,092.37**	41,926.44	49,092.37
Amercement outlay	**1,606,766.04**	2,183,827.02	1,606,766.04
Expenditures for default compensation	**2,668,838.80**	4,111,097.80	2,668,838.80
Others	**622,957.51**	429,388.429.449 0 Td(4,11,957.51n72.277TjET/	

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.55

5.55.1 List of income tax expenses

	2024	Year 2023
Current income tax expenses	**35,746,101.09**	36,259,411.49
Deferred income tax expenses	**-18,044,325.80**	-24,009,402.00
Total	**17,701,775.29**	12,250,009.49

5.55.2 Accounting profit and income tax expense adjustment process

	2024
Total profits	**68,099,486.66**
Income tax expenses calculated at statutory or applicable tax rate	**13,700,455.42**
Impact of different tax rates applicable to subsidiaries	**-43,610.88**
Impact of adjustments to the income tax for the prior years	**1,468,471.33**
Impact of non-deductible costs, expenses and losses	**6,053,711.27**
Impact of deductible losses from using the deferred income tax assets unrecognised in previous periods	**-12,352,475.38**
Impact of deductible temporary differences or losses from deferred income tax assets unrecognised in the current period	**16,429,654.98**
Changes in the balance of deferred income tax assets/liabilities as at the beginning of the period caused by tax rate adjustment	**-245,058.36**
Impact of income tax credit	**-1,693,157.90**
Impact of additional deduction of R&D expenses	**-5,605,853.02**
Impact of business combination involving enterprise not under common control	**-10,362.17**
Income tax expenses	**17,701,775.29**

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.56

5.56.1 Basic earnings per share

The basic earnings per share is calculated by dividing the consolidated net profit attributable to the common shareholder of the parent company by the weighted average of the Company's outstanding common stocks:

	2024	Year 2023
Consolidated net profit attributable to the common stockholder of the parent company	**65,610,188.85**	85,947,806.64
Weighted average of the Company's outstanding common stocks	**74,278,583.33**	74,600,300.00
Basic earnings per share	**0.88**	1.15
Including: basic earnings per share from continued operation	**0.88**	1.15
Basic earnings per share from discontinued operation		

5.56.2 Diluted earnings per share

The diluted earnings per share is calculated by dividing the consolidated net profit attributable to the common stockholder of the parent company (diluted) by the weighted average of the Company

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.57

5.57.1 Cash received from operating activities

(1) Cash received from other operating activities

	2024	Year 2023
Recovery of current account and advance	14,760,401.02	14,853,235.92
Income from government grants	17,327,632.97	16,214,614.27
Rental income	3,921,615.94	5,348,551.23
Income from donation	46,960.37	8,222,606.16
Interest income	2,335,305.73	3,014,649.40
Non-operating income	1,150,939.31	2,808,105.11
Restricted cash at bank and on hand received	7,000,000.00	
Receipts and expenditures of special funds		164,796,135.37
Total	46,542,855.34	215,257,897.46

(2) Cash paid for other operating activities

	2024	Year 2023
Current accounts among enterprises	10,369,957.83	67,255,904.20
Cost expenditures	69,909,138.48	80,394,069.79
Donation outlay	2,697,864.84	6,741,690.53
Non-operating expenses	4,898,562.35	3,747,445.03
Financial expenses – others	1,250,922.69	1,111,874.54
Restricted cash at bank and on hand paid		1,635,289.27
Operating lease expenses	3,586,496.26	10,320,319.28
Receipts and expenditures of special funds		165,915,458.06
Total	92,712,942.45	337,122,050.70

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.57 (continued)

5.57.2 Cash received from investing activities

(1) Cash received from other investing activities

	2024	Year 2023
Inter-enterprise loans		276,383.95
Interest income		971,616.05
Total		1,248,000.00

(2) Cash paid for other investing activities

	2024	Year 2023
Net cash paid for disposal of subsidiaries	942,428.37	500,059.94
Inter-enterprise loans		13,500,000.00
Total	942,428.37	14,000,059.94

Other notes:

The proceeds from the disposal of the subsidiary Wenzhou Yuji Technology amounted to RMB432,733.42. On the date of loss of control, the cash and cash equivalents held were RMB1,375,161.79. The net amount paid for the disposal of RMB942,428.37 was recorded in cash paid for other investment activities, as detailed in Note 5.58.2.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.57 (continued)

5.57.3 Cash received from financing activities

(1) Cash received from other financing activities

	2024	Year 2023
Cash received for sale-leaseback	**60,000,000.00**	55,000,000.00
Inter-enterprise loans		900,000.00
Total	**60,000,000.00**	55,900,000.00

(2) Cash paid for other financing activities

	2024	Year 2023
Cash paid for sale-leaseback	**61,246,345.17**	100,045,828.93
Cash paid for lease liabilities	**31,637,451.28**	49,299,788.06
Cash paid for repurchase of shares	**48,214,658.67**	
Cash paid for reduction of registered capital	**9,821,161.72**	2,656,500.00
Cash paid for purchase of minority equity of subsidiaries		4,866,900.00
Payment of H Share Award and Trust Scheme		18,621,600.00
Total	**150,919,616.84**	175,490,616.99

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.58

5.58.1 Supplementary information on the statement of cash flows

	2024	Year 2023
1. Net profit adjusted to cash flows from operating activities		
Net profit	50,397,711.37	86,931,607.82
Plus: losses from credit impairment	26,454,997.91	9,354,735.55
Provision for asset impairment	16,495,929.58	
Depreciation of fixed assets	49,240,319.63	47,460,771.26
Depreciation of productive biological assets		
Depreciation of oil and gas assets		
Depreciation of right-of-use assets	36,130,781.58	40,597,483.20
Amortisation of intangible assets	40,516,786.29	25,492,057.82
Amortisation of long-term prepaid expenses	28,899,252.81	45,839,280.77
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	69,932.29	297,499.85
Losses from scrapping of fixed assets ("-" for gains)	959,641.67	258,328.74
Losses from changes in fair value ("-" for gains)	269,736.39	-214,405.20
Financial expenses ("-" for gains)	42,602,761.73	40,800,972.44
Investment losses ("-" for gains)	-754,876.93	6,067,197.24
Decreases in deferred income tax assets ("-" for increases)	-11,051,274.17	-18,371,099.67
Increases in deferred income tax liabilities ("-" for decreases)	-6,992,997.53	-5,638,302.33
Decreases in inventories ("-" for increases)	9,971,048.87	4,376,940.05
Decreases in operating receivables ("-" for increases)	-66,194,329.87	-53,549,066.70
Increases in operating payables ("-" for decreases)	-121,374,427.72	35,329,236.62
Others	3,997,509.78	
Net cash flows from operating activities	99,638,503.68	265,033,237.46

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.58 , (continued)

5.58.1 Supplementary information on the statement of cash flows (continued)

,	2024	Year 2023
2. Significant investment and financing activities not involving cash deposit and withdrawal:		
Conversion of debt to capital		
Convertible corporate bonds maturing within one year		
Right-of-use assets acquired through bearing lease liabilities		
3. Net changes in cash and cash equivalents		
Ending balance of cash	**255,232,744.16**	404,723,339.37
Less: beginning balance of cash	**404,723,339.37**	258,595,990.97
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	**-149,490,595.21**	146,127,348.40

5.58.2 Net cash received for disposal of subsidiaries in 2024

	A ,
Cash or cash equivalents received in the current period from the disposal of subsidiaries in the current period	432,733.42
Including: Wenzhou Yuji Health Technology	432,733.42
Less: cash and cash equivalents held by subsidiaries on date of losing control	1,375,161.79
Including: Wenzhou Yuji Health Technology	1,375,161.79
Plus: cash or cash equivalents from the disposal of subsidiaries in prior years but received in the current period	
Net cash received from disposal of subsidiaries	-942,428.37

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

5 Notes to items of the consolidated financial statements (continued)

5.58 , (continued)

5.58.3 Breakdown of cash and cash equivalents

	B 31 D 2024	Balance as at 31 December 2023
I. Cash	**255,232,744.16**	404,723,339.37
Including: cash on hand	**192,804.35**	371,623.69
Unrestricted cash at bank	**254,276,084.59**	402,841,916.96
Other unrestricted cash at bank and on hand	**763,855.22**	1,509,798.72
II. Cash equivalents		
Including: bond investment maturing within three months		
III. Ending balance of cash and cash equivalents	**255,232,744.16**	404,723,339.37
Including: cash and cash equivalents held but restricted for use by the parent company or subsidiaries within the Group		

Cash at bank and on hand not belonging to cash and cash equivalents:

	B 31 D 2024	Balance as at 31 December 2023	Reason for not belonging to cash and cash equivalents
Performance bond	**5,000,000.00**	12,000,000.00	Restricted time of more than six months
Funds from bank regulatory accounts	**1,364,131.55**	1,361,750.73	Restricted time of more than six months
Deposit for bank acceptance bills	**150,009.00**	772,510.54	Restricted time of more than six months
Freezing funds for lawsuit	**2,125.91**	2,120.75	Restricted time of more than six months
Others		2,000.00	Restricted time of more than six months
Total	**6,516,266.46**	14,138,382.02	

5.59 , ,

None

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

33 re-measurement (continuing) 19

6 Changes in the consolidation scope

6.1 D

6.1.1 Transactions or events losing control of subsidiaries in 2024

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

6 Changes in the consolidation scope (continued)

6.2

C	Reasons for changes	Incorporation/non-incorporation Date of consolidation scope
Wenzhou Yining Elderly Hospital Co., Ltd.	Newly-established	April 2024
Qingtian Kangning Property Management Co., Ltd.	Newly-established	November 2024
Wenzhou Gaopin Fangzhou Hospital Co., Ltd.	Newly-established	May 2024
Chun'an Qiandao Lake Kangning Hospital Co., Ltd.	Industrial and commercial cancellation completed	March 2024
Wenzhou Jieling Jingxin Technology Co., Ltd.	Industrial and commercial cancellation completed	November 2024
Wenzhou Yuji Health Technology Co., Ltd.	Industrial and commercial cancellation completed	January 2024

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

7 Equity in other entities

7.1 E , '

7.1.1 Structure of the enterprise group

Name of subsidiary	Type of legal person	Registered capital	Principal place of business	Registration place	Nature of business	Shareholding ratio (%) Direct	Indirect	Way of acquisition
Zhejiang Kangning Hospital Management (Group) Co., Ltd.	Limited liability company	20,000.00	Ningbo	Ningbo	Hospital management	100.00		Establishment
Pingyang Kangning Hospital Co., Ltd.	Limited liability company	600.00	Pingyang	Pingyang	Medical services		100.00	Establishment
Wenzhou Yining Geriatric Hospital Co., Ltd.	Limited liability company	3,000.00	Wenzhou	Wenzhou	Medical services		100.00	Establishment
Quzhou Yining Hospital Co., Ltd.	Limited liability company	3,000.00	Quzhou	Quzhou	Medical services		60.00	Establishment
Taizhou Luqiao Cining Hospital Co., Ltd.	Limited liability company	1,000.00	Taizhou	Taizhou	Medical services		51.00	Establishment
Yiwu Kangning Hospital Management Co., Ltd.	Limited liability company	3,000.00	Yiwu	Yiwu	Hospital management		100.00	Establishment
Taizhou Kangning Hospital Co., Ltd.	Limited liability company	1,000.00	Taizhou	Taizhou	Medical services		51.00	Combination not under common control
Hangzhou Cining Hospital Co., Ltd.	Limited liability company	100.00	Hangzhou	Hangzhou	Medical services		100.00	Establishment
Wenzhou Tianzhentang TCM Clinic Co., Ltd.	Limited liability company	500.00	Wenzhou	Wenzhou	Medical services		100.00	Establishment
Zhejiang Jerinte Health Technology Co., Ltd.	Limited liability company	1,000.00	Hangzhou	Hangzhou	Technology service		100.00	Establishment
Nanjing Yining Hospital Co., Ltd.	Limited liability company	1,000.00	Nanjing	Nanjing	Medical services		85.65	Combination not under common control
Heze Yining Psychiatric Hospital Co., Ltd.	Limited liability company	3,000.00	Heze	Heze	Medical services		51.00	Combination not under common control
Guanxian Yining Hospital Co., Ltd.	Limited liability company	1,000.00	Guanxian	Guanxian	Medical services			Combination not under common control
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	Limited liability company	753.00	Taizhou	Taizhou	Medical services		68.80	Combination not under common control
Beijing Yining Hospital Co., Ltd.	Limited liability company	4,653.67	Beijing	Beijing	Medical services		51.00	Establishment
Wenzhou Yixin Health Technology Co., Ltd.	Limited liability company	50.00	Wenzhou	Wenzhou	Technology service		100.00	Combination not under common control
Huainan Kangning Hospital Co., Ltd.	Limited liability company	1,000.00	Huainan	Huainan	Medical services		95.00	Combination not under common control
Zhejiang Yining Health Technology Co., Ltd.	Limited liability company	2,040.82	Hangzhou	Hangzhou	Technology service		98.00	Establishment
Wenzhou Yining Drugstore Co., Ltd.	Limited liability company	50.00	Wenzhou	Wenzhou	Drug retail		100.00	Establishment
Yining Psychology Internet Hospital (Wenzhou) Co., Ltd.	Limited liability company	500.00	Wenzhou	Wenzhou	Hospital management		100.00	Establishment

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

Name of subsidiary	Type of legal person	Registered capital	Principal place of business	Registration place	Nature of business	Shareholding ratio (%) Direct	Indirect	Way of acquisition
Zhejiang Dening Pharmaceutical Co., Ltd.	Limited liability company	1,000.00	Wenzhou	Wenzhou	Pharmaceutical retail		80.00	Establishment
Changchun Kanglin Psychological Hospital Co., Ltd.	Limited liability company	1,500.00	Changchun	Changchun	Medical services		64.55	Combination not under common control
Hangzhou Yining Medical Equipment R&D Co., Ltd.	Limited liability company	500.00	Hangzhou	Hangzhou	Technology service		100.00	Establishment
Hangzhou Yining Nursery Service Co., Ltd.	Limited liability company	100.00	Hangzhou	Hangzhou	Nursing care		100.00	Establishment
Linhai Cining Hospital Co., Ltd.	Limited liability company	5,000.00	Taizhou	Taizhou	Medical services		100.00	Establishment
Shenzhen Yining Hospital	Limited liability company	6,000.00	Shenzhen	Shenzhen	Medical services		55.00	Establishment
Pujiang Yining Huangfeng Hospital Co., Ltd.	Limited liability company	1,400.00	Jinhua	Jinhua	Medical services		66.00	Establishment
Chun'an Kangning Huangfeng Hospital Co., Ltd.	Limited liability company	1,000.00	Hangzhou	Hangzhou	Medical services		60.00	Establishment
Cangnan Kangning Hospital Co., Ltd.	Limited liability company	5,000.00	Cangnan	Cangnan	Medical services	100.00		Establishment
Cangnan Yining Nursing Center Co., Ltd.	Limited liability company	1,000.00	Cangnan	Cangnan	Medical services		100.00	Establishment
Yueqing Kangning Hospital Co., Ltd.	Limited liability company	100.00	Yueqing	Yueqing	Medical services	100.00		Establishment
Linhai Kangning Hospital Co., Ltd.	Limited liability company	200.00	Taizhou	Taizhou	Medical services			

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

7 Equity in other entities (continued)

7.1 E , , (continued)

7.1.1 Structure of the enterprise group (continued)

Name of subsidiary	Type of legal person	Registered capital	Principal place of business	Registration place	Nature of business	Shareholding ratio (%) Direct	Indirect	Way of acquisition
Yueqing Yining integrated Traditional and Western Medicine Hospital Co., Ltd.	Limited liability company	9,800.00	Yueqing	Yueqing	Medical services	100.00		Combination not under common control
Jinyun Shuning Hospital Co., Ltd.	Limited liability company	2,398.26	Jinyun	Jinyun	Medical services	55.00		Combination not under common control
Loudi City Kangle Kangning Hospital Co., Ltd.	Limited liability company	2,040.00	Loudi	Loudi	Medical services	51.00		Combination not under common control
Longquan Kangning Hospital Co., Ltd.	Limited liability company	3,000.00	Lishui	Lishui	Medical services		100.00	Establishment
Wenzhou Anken Pharmacy Co., Ltd.	Limited liability company	100.00	Wenzhou	Wenzhou	Drug retail		100.00	Combination not under common control
Dongkou Lening Hospital Co., Ltd.	Limited liability company	1,800.00	Shaoyang	Shaoyang	Medical services	51.00		Combination not under common control
Wenzhou Kangning Psychological Consulting Co., Ltd.	Limited liability company	50.00	Wenzhou	Wenzhou	Medical services	100.00		Establishment
Jiaxing Jiulikang Zizheng Equity Investment Partnership (Limited Partnership)	Limited partnership	6,001.00	Jiaxing	Jiaxing	Equity investments	66.60	33.30	Establishment
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	Limited liability company	2,083.33	Chengdu	Chengdu	Medical services		49.33	Combination not under common control
Wenzhou Gaopin Fangzhou Hospital Co., Ltd.	Limited liability company	1,000.00	Wenzhou	Wenzhou	Medical services		100.00	Establishment
Zhejiang Yining Geriatric Hospital Management Co., Ltd.	Limited liability company	20,000.00	Wenzhou	Wenzhou	Hospital management	100.00		Establishment
Qingtian Kangning Property Management Co., Ltd.	Limited liability company	2,764.00	Lishui	Lishui	Property management	100.00		Establishment

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

7 Equity in other entities (continued)

7.1 E , , (continued)

7.1.1 Structure of the enterprise group (continued)

Notes to the differences between the shareholding ratios in subsidiaries and the corresponding voting ratios:

According to the Articles of Association of Wenzhou Ouhai Yining Elderly Hospital Co., Ltd, the voting rights are exercised in accordance with the proportion of the shareholders' paid-in capital, and the proportion of the Company's paid-in capital is 100%.

Basis for holding half or less than half of the voting right but controlling the investee or holding more than half of the voting right but not controlling the investee:

Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd. has 4 shareholders, with the Company holding 49.33%, Chongqing Jinpu Phase II Medical Health Service Industry Equity Investment Fund Partnership (Limited Partnership) and Chongqing Jinpu Medical Health Service Industry Equity Investment Fund

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

7 Equity in other entities (continued)

7.1 E , , (continued)

7.1.2 Major non-wholly-owned subsidiaries

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31 D ,

, (%) 2024 2024 2024

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

7 Equity in other entities (continued)

7.2 (continued)

7.2.2 Impact of transactions on minority interests and equity attributable to owners of the parent company

	Chun'an Kangning
Cost of purchase/consideration of disposal	10,545,862.35
– Cash	4,000,000.00
– Fair value of non-cash assets	6,545,862.35
Total cost of purchase/consideration of disposal	10,545,862.35
Less: share of net assets of subsidiaries calculated at the ratio of equity acquired/disposed	1,484,726.32
Difference	9,061,136.03
Including: adjustment to capital reserves	9,061,136.03
Adjustment to surplus reserves	
Adjustment to retained earnings	

7.3

7.3.1 Significant associates

Name of joint ventures or associates	Main business place	Registration place	Nature of business	Shareholding ratio (%) Direct	Indirect	Accounting treatment method for investments in joint ventures or associates	Whether it is strategic for the Company's activities
Hangzhou Anken Medical Technology Co., Ltd.	Hangzhou	Hangzhou	Hospital management	26.65		Equity method	Yes
Wenzhou Longwan Yining Hospital Co., Ltd.	Wenzhou	Wenzhou	Medical services	45.00		Equity method	Yes

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

8 Government grants

8.1 ,

8.1.1 Government grants included in current profit or loss

F

For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

8 Government grants (continued)

8.1 , (continued)

8.1.1 Government grants included in current profit or loss (continued)

Income-related government grants (continued)

A , , , ,
, , ,

G	2024	Year 2023
Cognitive care area subsidy from Yueqing People's Government	376,000.00	376,000.00	
Municipal Medical Equipment Purchase Subsidy from Private Medical Institution	343,000.00	343,000.00	
VAT refund upon collection for software product	315,666.54	315,666.54	
Government grants from Hangzhou High-tech Industrial Development Zone (Binjiang) Science and Technology Bureau Provincial R&D Center	300,000.00	300,000.00	
Bed grants from Health and Family Planning Commission	284,000.00	284,000.00	344,000.00
Job substitution training subsidies from Employment Management Center	249,470.10	249,470.10	
Grants for Cangnan County Federation of Disabled Person	217,779.00	217,779.00	
Subsidy for job expansion	205,662.60	205,662.60	34,500.00
Funds for severe mental disorder patients from Cangnan County Health and Wellness Bureau	200,890.00	200,890.00	
Government grants from Hangzhou High-tech Industrial Development Zone (Binjiang) Economic and Information Bureau – Specialized, Sophisticated, Distinctive, and Innovative	200,000.00	200,000.00	
Others	129,138.01	129,138.01	78,742.36
Municipal medical equipment purchase subsidy from Private Medical Institution	114,200.00	114,200.00	
Grants for health high-level talent training project	100,000.00	100,000.00	

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

8 Government grants (continued)

8.1 , (continued)

8.1.1 Government grants included in current profit or loss (continued)

Income-related government grants (continued)

A , , , ,
, , ,

G	2024	Year 2023
120 emergency aid station operation funds of Pingyang County Health and Wellness Bureau in 2024	91,000.00	91,000.00
Poverty alleviation grants	35,443.12	35,443.12
Unemployment insurance subsidy of Human Resources and Social Security Bureau	35,246.16	35,246.16
Free Medication Program Funding of Chinese Center for Disease Control and Prevention	31,110.00	31,110.00
Special Health Funds of Health Commission	20,000.00	20,000.00
2024 'Waste-Free Cell' Initiative Reward by Wenzhou Ecological Environment Bureau Ouhai Sub-bureau	20,000.00	20,000.00
Subsidy from Party and Mass Service Center	20,000.00	20,000.00
Nurses' Day Consolation Fee of Yueqing Nursing Association	15,000.00	15,000.00
Subsidies for designated rehabilitation institutions for disabled children	14,360.00	14,360.00
Subsidies for Disabled Person's Home		42,000.00
Financial subsidies for the urban high-quality medical resources sinking into Cangnan County People's Hospital in 2022		203,186.30
Funds for severe mental disorder patients from Cangnan County Health and Wellness Bureau		280,000.00
		154,811.73

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

8 Government grants (continued)

8.1 , (continued)

8.1.1 Government grants included in current profit or loss (continued)

Income-related government grants (continued)

A , , , ,
, , ,

G	2024	Year 2023
Relief funds of Kidney Protection and Blood Purification Project		80,000.00
CDC Special Subsidy for Epidemic Control		997,071.49
Employment subsidy		167,287.64
Subsidies for technology-based enterprises		200,000.00
Reward for passing the one-year assessment of newly established municipal academician workstations of the Association for Science and Technology		171,500.00
The municipal-level health promotion hospital subsidy disbursed by the Health Commission of Liuhe District		29,900.00
Special award for innovative development of the Pingyang County Service Industry		50,000.00
Enterprise Talent Cultivation Award		53,000.00
Talent Training Subsidies		130,000.00
Subsidies received from Yueqing Civil Affairs Bureau for the screening work of the elderly with zero-balance account		38,900.00
Health subsidy		206,153.66
Operating reward of Wenzhou Dongtou District Economy, Commerce and Information Technology Bureau		6,174,393.49

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

A , , , ,
, , ,
G 2024

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

9 Risks related to financial instruments

9.1 ¥ ' '

The Company faces various financial risks in the course of its business operation, including credit risks, liquidity risks and market risks (including the exchange rate risk, interest rate risk and other price risk). The above financial risks and the risk management policies adopted by the Company to reduce these risks are as follows:

The Board of Directors is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies clearly stipulate specific risks, covering many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates the market environment and changes in the Company's business activities to determine whether to update the risk management policies and systems. The Company's risk management is carried out by the Strategy and Risk Management Committee in accordance with the policies approved by the Board of Directors. The Strategy and Risk Management Committee identifies, evaluates and avoids relevant risks through close cooperation with other business departments of the Company. The Company's internal audit department may conduct the regular audit regarding the risk management and control and the procedures therefor, and submit the audit result to the Company's Audit Committee.

The Company diversifies the risk of financial instruments through appropriate diversified investment and business portfolios, and formulates corresponding risk management policies to reduce the risk of concentration in a single industry, specific region or specific counter-parties.

9.1.1 Credit risk

The credit risk refers to the risk where the Company may have the financial loss caused by the counterparties' failure in performing any contractual obligation.

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

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

9 Risks related to financial instruments (continued)

9.1 ‰ ' ' (continued)

9.1.1 Credit risk (continued)

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

9.1.2 Liquidity risk

The liquidity risk refers to the risk of capital shortage of an enterprise taking place in the course of cash payment or settlement via other financial assets.

The policy of the Company is to ensure that there is sufficient cash for the payment of the matured debts. Liquidity risk is under the centralized control of the financial department of the Company. The financial department monitors cash balance and readily realizable and marketable securities and makes rolling forecast on cash flows of the next 12 months to ensure that the Company has sufficient funds to repay debts in all cases of reasonable prediction. At the same time, the Company will continue to monitor whether it complies with the provisions of the loan agreement, and obtains commitments from major financial institutions to provide sufficient reserve funds to meet short-term and long-term funding demands.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

9 Risks related to financial instruments (continued)

9.1 ☒ , , (continued)

9.1.2 Liquidity risk (continued)

The Company's financial liabilities are presented based on non-discounted contractual cash flows by the due date as follows:

B 31 D 2024

			B ⁄ 2		,	B ,
	1	1-2	5	5		
Bank loans	295,897,567.90	231,446,702.05	332,391,684.58	258,553,226.86	1,118,289,181.39	946,187,337.44
Lease liabilities	26,733,022.63	45,988,901.90	58,725,671.39	86,707,676.25	218,155,272.17	178,033,085.43
Long-term payables	38,367,421.50	30,877,984.00	57,282,769.00		126,528,174.50	110,284,300.10
Accounts payable	127,861,415.20	3,124,361.77	950,603.01		131,936,379.98	131,936,379.98
Other payables	33,007,700.14	29,568,765.29	18,710,967.72		81,287,433.15	81,287,433.15
Total	521,867,127.37	341,006,715.01	468,061,695.70	345,260,903.11	1,676,196,441.19	1,447,728,536.10

Balance as at 31 December 2023

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

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

9 Risks related to financial instruments (continued)

9.1 ☒ ' ' (continued)

9.1.3 Market risk (continued)

(2) Exchange rate risk (continued)

Exchange rate risk faced by the Company mainly comes from USD-denominated financial assets and financial liabilities. Foreign financial assets and foreign financial liabilities are converted into amount in RMB as follows:

	B 31 D 2024			Balance as at 31 December 2023		
	D	‘I D		USD	Other foreign currencies	Total
Cash at bank and on hand	287,569.57	46,036.70	333,606.27	81,905.11	52,061.43	133,966.54
Total	287,569.57	46,036.70	333,606.27	81,905.11	52,061.43	133,966.54

On 31 December 2024, when all other variables remain unchanged, the net profits of the Company would increase or decrease by RMB10,008.19 (on 31 December 2023: RMB4,019.00) supposing that RMB to USD appreciates or depreciates by 3%. The management thinks that 3% reflect the reasonable range of the possible changes of RMB to USD in the next year.

(3) Others price risks

Other price risk refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices other than interest rate risk and interest rate risk.

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

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

10 Disclosure of fair value

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

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

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

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

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

10.1 F , , , 31 D 2024

F , 31 D 2024

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I. Continuous measurement of fair value			
◆Financial assets held for trading		7,938,322.41	7,938,322.41
1. Financial assets measured at fair value through current profit or loss		7,938,322.41	7,938,322.41
(1) Investment in debt instruments			
(2) Equity instrument investment		7,938,322.41	7,938,322.41
2. Financial assets designated to be measured at fair value through the current profit or loss			
◆Other non-current financial assets		36,755,116.10	36,755,116.10
1. Financial assets measured at fair value through the current profit or loss		36,755,116.10	36,755,116.10
(1) Investment in debt instrument			
(2) Equity instrument investment		36,755,116.10	36,755,116.10
2. Financial assets designated to be measured at fair value through the current profit or loss			
Total assets with continuous measurement at fair value		44,693,438.51	44,693,438.51

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

10 Disclosure of fair value (continued)

10.1F , , 31 D 2024 (continued)

F , 31 D 2024

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◆Financial liabilities held for trading		14,000,000.00	14,000,000.00
1. Financial liabilities held for trading		14,000,000.00	14,000,000.00
(1) Traded bonds issued			
(2) Derivative financial liabilities			
(3) Others		14,000,000.00	14,000,000.00
2. Financial liabilities designated to be measured at fair value through profit or loss			
Total liabilities with continuous measurement at fair value		14,000,000.00	14,000,000.00

10.2 , , , , , , - , , , 3 ,

1. The financial assets held for trading and other non-current financial assets of the Company are equity instrument investments. Management prepares disclosures related to fair value based on verified valuation results, considering investment contract terms, realizable conditions, and parameters such as P/B ratio, liquidity discount and discount rate of underlying assets of related investment projects:

	F , 31 D 2024	Valuation techniques	Unobservable input values	Range interval
Financial assets held for trading	7,938,322.41	Discount cash flow method	Weighted average capital cost	8%
Other non-current financial assets	36,755,116.10	Market method	P/B ratio	1.97-4.31
			Liquidity discount	23.91~24.71
		Discounted cash flow method	Weighted average capital cost	9%-18%

2. The Company's financial liabilities held for trading are contingent consideration formed due to performance commitment clauses in the equity transaction with Hangzhou Yining. Management calculates the discounted cash flow of the contingent consideration based on the expected fulfillment of performance commitments agreed with the counterparty.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

11 Related parties and related-party transactions

11.1 C

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

11.2 , C

See Note "7 Equity in other entities" for details of subsidiaries of the Company.

11.3 A C

See Note "7 Equity in other entities" for details about major associates of the Company.

Other joint ventures or associates having balances from related party transactions with the Company in 2024 or in 2023:

,	' C
Hangzhou Anken Medical Technology Co., Ltd.	Associate of the Company
Wenzhou Longwan Yining Hospital Co., Ltd.	Associate of the Company
Zhejiang Huangfeng Hospital Management Co., Ltd.	Associate of the Company
Shaanxi Shanda Hospital Management Consulting Co., Ltd.	Associate of the Company
Chongqing Hechuan Kangning Hospital Co., Ltd.	Associate of the Company
Zhejiang Fengsheng Nutrition Technology Co., Ltd.	Associate of the Company

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

11 Related parties and related-party transactions (continued)

11.4

	C
Ningbo Meishan Bonded Port Area Kuanzhan Investment Management Partnership (Limited Liabilities Partnership)	One of participating shareholder of associates of the Company
Shandong Furen Hospital Management Co., Ltd.	Minority shareholder of the Company's subsidiary
Cai Wenqin	Minority shareholder of the Company's subsidiary
Chen Guanghong	Minority shareholder of the Company's subsidiary
Jiang Danping	Minority shareholder of the Company's subsidiary
Wu Lianxi	Minority shareholder of the Company's subsidiary
Wu Zihuang	Minority shareholder of the Company's subsidiary
Xu Xiuhu	Minority shareholder of the Company's subsidiary
Wang Changsheng	Minority shareholder of the Company's subsidiary
Ye Liangfu	Close relative of the Company's ultimate controller
Wang Hongyue	One of the substantial shareholders of the Company and an immediate family member of the ultimate controlling parties of the Company
Xu Yi	Spouse of the one of the substantial shareholders of the Company and an immediate family member of the ultimate controlling parties of the Company
Zhejiang Tianqu Environment Construction Co., Ltd.	Minority shareholder of the Company's subsidiary
(')TjsqXae Propearty Management Co., Ltd.	Minority shareholder of the Company's subsidiary
Shana Rehiabililation Hospital Co., Ltd.	's associatr

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

11 Related parties and related-party transactions (continued)

11.5 - (continued)

11.5.2 Related-party guarantee

The Company as the guarantor:

G	G ,	C	E ,
Quzhou Yining Hospital Co., Ltd.	60,000,000.00	2023/10/9	2034/10/9	No
Yongjia Kangning Hospital Co., Ltd.	60,000,000.00	2019/8/20	2031/8/21	No
Linhai Cining Hospital Co., Ltd.	68,440,000.00	2023/4/3	2032/3/2	No
Jinyun Shuning Hospital Co., Ltd.	6,000,000.00	2024/7/30	2025/7/30	No
Hangzhou Anken Medical Technology Co., Ltd.	32,400,000.00	2024/7/1	2027/6/30	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	8,400,000.00	2024/3/31	2027/3/31	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	103,000,000.00	2023/10/12	2034/10/9	No
Yongjia Kangning Hospital Co., Ltd.	12,000,000.00	2024/7/18	2029/6/18	No
Yueqing Yining integrated Traditional and Western Medicine Hospital Co., Ltd.	8,000,000.00	2024/7/18	2029/6/18	No
Qingtian Kangning Hospital Co., Ltd.	5,300,780.00	2024/1/1	2028/12/31	No
Wenzhou Yining Geriatric Hospital Co., Ltd.	4,337,088.00	2024/1/25	2028/12/25	No
Wenzhou Yining Geriatric Hospital Co., Ltd.	17,000,000.00	2022/10/25	2025/10/25	No
Pingyang Changgeng Yining Hospital Co., Ltd.	26,000,000.00	2023/12/20	2031/12/20	No

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

11 Related parties and related-party transactions (continued)

11.5 - (continued)

11.5.2 Related-party guarantee (continued)

The Company as the guaranteed party:

G	G ,	C	E ,
Yueqing Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Yongjia Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Cangnan Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Wenzhou Yining Geriatric Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Pingyang Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Wenzhou Cining Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Cangnan Kangning Hospital Co., Ltd.	66,474,000.00	2021/12/24	2026/12/10	No
Guan Weili, Wang Lianyue	24,000,000.00	2020/6/30	2027/6/30	No
Guan Weili, Wang Hongyue, Wang Lianyue	79,642,127.25	2021/11/29	2028/11/29	No
Guan Weili, Wang Hongyue, Wang Lianyue, Xu Yi	180,950,000.00	2020/10/26	2026/10/25	No
Guan Weili	70,000,000.00	2023/11/8	2026/11/15	No
Guan Weili, Wang Lianyue, Wang Hongyue	14,660,000.00	2019/9/10	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	10,280,000.00	2020/1/1	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	3,320,000.00	2020/12/22	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	2,200,000.00	2020/9/27	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	2,200,000.00	2020/9/27	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	3,050,000.00	2021/3/1	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	3,050,000.00	2021/3/1	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	45,000,000.00	2023/7/3	2037/12/31	No
Guan Weili, Wang Lianyue, Wang Hongyue	15,000,000.00	2023/7/31	2037/12/31	No
Guan Weili, Wang Lianyue, Wang Hongyue	10,116,550.00	2023/10/25	2037/12/31	No
Guan Weili, Wang Lianyue, Wang Hongyue	5,007,200.00	2023/11/24	2037/12/31	No
Guan Weili, Zhejiang Tianqu Environment Construction Co., Ltd., Zhejiang Yangge Property Management Co., Ltd.	60,000,000.00	2023/10/9	2031/10/9	No
Wang Lianyue	18,312,000.00	2023/12/20	2028/12/25	No
Guan Weili, Wang Lianyue	25,000,000.00	2024/12/10	2027/12/10	No
Guan Weili, Wang Lianyue	120,000,000.00	2024/3/27	2027/3/26	No

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

11 Related parties and related-party transactions (continued)

11.5 - (continued)

11.5.3 Loans from and to related parties

Loans from				
Chongqing Hechuan Kangning Hospital Co., L83y	800,000.00	2023/6/7	2024/6/7	Not returned yet
Chongqing Hechuan Kangning Hospital Co., L83y	28,000,000.00	2024/5/6	2025/5/6	
Luonan Shanda Rehabilitation Hospital Co., L83y	1,095,000.00	2023/9/29	–	Not returned yet
Zhejiang Yangge Property Management Co., L83y	2,508,250.00	2022/6/13	–	Not returned yet
Xu Xiuhu	2,000,000.00	2022/6/15	2023/6/14	Not returned yet
Loan to				
Wenzhou Longwan Yining Hospital Co., L83y	13,500.000.00	2023/1/10	2026/1/9	
Sichuan Hongji Pharmaceutical Co., L83y	10,204,311.69	2015/6/1	–	
Wang Changsheng	3,490,447.08	2015/9/1	None	

11.5.4 Remuneration of key management personnel

	2024	Year 2023
Salary, bonus, etc.	8,625,385.30	8,642,653.48
Share-based payments	1,863,108.72	

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

11 Related parties and related-party transactions (continued)

11.6

11.6.1 Receivables

		B	31 D	2024	Balance as at 31 December 2023	
		B			Book balance	Provision for bad debts
Accounts receivable						
	Yiwu Mental Health Centre	12,024,620.00		7,548,920.00	12,000,000.00	5,520,000.00
	Hangzhou Yining Hospital Co., Ltd.	79,780.30		2,807.80	65,000.00	3,250.00
	Hangzhou Anken Medical Technology Co., Ltd.				1,522.85	15.23
	Luonan Shanda Rehabilitation Hospital Co., Ltd.				635,000.00	6,350.00
Other receivables						
	Hangzhou Yining Hospital Co., Ltd.	8,000,000.00		8,000,000.00	23,709,977.64	17,002,735.51
	Wenzhou Longwan Yining Hospital Co., Ltd.	14,312,219.18		715,610.96	14,290,027.40	714,501.37
	Sichuan Hongji Pharmaceutical Co., Ltd.	10,204,311.69		10,204,311.69	10,204,311.69	10,204,311.69
	Hangzhou Anken Medical Technology Co., Ltd.				16,836.66	841.83
	Yiwu Mental Health Centre	2,475,380.00		123,769.00		
	Wang Changsheng	3,490,447.08		3,490,447.08	3,490,447.08	3,490,447.08
	Chen Guanghong	100,000.00		1,000.00	100,000.00	1,000.00
	Xu Xiuhu	80,004.00		800.04	80,004.00	800.04
	Cai Wenqin	45,187.50		2,259.38	105,187.50	5,259.38
	Jiang Danping	383,467.50		19,173.38	479,707.50	23,985.38
	Ye Liangfu	30,000.00		900.00		

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

11 Related parties and related-party transactions (continued)

11.6 (continued)

11.6.2 Payables

Item name	Related party	B 31 D 2024	Book balance as at 31 December 2023
Accounts payable			
	Hangzhou Anken Medical Technology Co., Ltd.		167,677.40
	Zhejiang Fengsheng Nutrition Technology Co., Ltd.	32,895.70	
	Ye Liangfu	23,583.50	
Other payables			
	Wu Lianxi		3,702,846.16
	Wu Zihuang		962,492.04
	Shandong Furen Hospital Management Co., Ltd.		3,599,626.28
	Luonan Shanda Rehabilitation Hospital Co., Ltd.	1,095,000.00	1,095,000.00
	Chongqing Hechuan Kangning Hospital Co., Ltd.	3,294,491.66	2,021,750.00
	Ningbo Meishan Bonded Port Area Kuanzhan Investment Management Partnership		6,347,133.33
	Guan Weili		16,997,627.91
	Zhejiang Yangge Property Management Co., Ltd.	2,508,250.00	3,108,250.00
	Chen Guanghong		94,276.16
	Xu Xiuhu	2,405,961.75	2,261,567.19
	Ningbo Meishan Bonded Port Area Kuanzhan Investment Management Partnership		291,842.74
	Hangzhou Yining Hospital Co., Ltd.	93,142.79	93,142.79
	Zhejiang Huangfeng Hospital Management Co., Ltd.	19,983.98	1,333,441.75

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

11 Related parties and related-party transactions (continued)

11.7 ,

In 2024, the remunerations of each director, supervisor and chief executive were shown below:

	C ,			B ,		E ,	
	,	,	,				
E ,							
Guan Weili	100,000.00	404,160.00	82,725.65	99,967.00	5,300.00		692,152.65
Wang Lianyue	75,000.00	490,959.00	51.76	179,642.89	40,300.00	504,213.54	1,290,167.19
Wang Jian	75,000.00	730,000.00	77,348.70		59,300.00	366,824.67	1,308,473.37
Jin Ling	70,000.00						70,000.00
Zhong Wentang	70,000.00						70,000.00
Chen Shiqiang	70,000.00						70,000.00
,							
Xu Ning	219,960.00	71,060.00	148,298.65	80,900.00		118,427.19	638,645.84
Xie Tiefan	91,800.00	47,535.25	85,810.20	5,980.00		49,252.36	280,377.81
Total	771,760.00	1,743,714.25	394,234.96	366,489.89	104,900.00	1,038,717.76	4,419,816.86

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

11 Related parties and related-party transactions (continued)

11.7 , (continued)

In 2023, the remunerations of each director, supervisor and chief executive were shown below:

	C ,	,	,	B ,		
E ,						
Guan Weili		402,360.00	75,696.30	97,374.40	5,300.00	580,730.70
Wang Lianyue		468,584.00		131,416.00	58,800.00	658,800.00
Wang Jian		563,500.00	76,163.50	180,500.00	64,400.00	884,563.50
- ,						
Qin Hao						
Li Changhao						
Liu Ning	35,000.00					35,000.00
Zhong Wentang	70,000.00					70,000.00
Zhao Xudong	35,000.00					35,000.00
Jin Ling	35,000.00					35,000.00
Chen Shiqiang	35,000.00					35,000.00
,						
Qian Chengliang						
Xu Yongjiu						
Sun Fangjun						
Xu Ning		284,640.00	58,794.40	74,331.82	24,480.00	442,246.22
Xie Tiefan		90,720.00	43,605.90	84,131.20	6,500.00	224,957.10
Total	210,000.00	1,809,804.00	254,260.10	567,753.42	159,480.00	3,001,297.52

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

11 Related parties and related-party transactions (continued)

11.8F ' '

In 2024, five individuals with highest remunerations of the Company include 2 directors (2023: 1), with the remunerations of the other three individuals reflected in below table:

	2024	Year 2023
Basic salaries, bonuses, housing allowances and other subsidies	**2,422,542.70**	3,789,230.21
Share-based payments	**466,095.26**	
Total	**2,888,637.96**	3,789,230.21

	2024	Persons in 2023
500,000-1,000,000.00	**2**	3
Over 1,000,000.00	**1**	1
Total	**3**	4

12 Share-based payments

12.1G -

G	A ' ' 2024 ' A '	A ' ' 2024 A ' '	A ' ' 2024 A ' '	A ' ' 2024 A ' '
H Share Award and Trust Scheme	1,240,100.00	12,345,912.02		
Total	1,240,100.00	12,345,912.02		

In accordance with the H Share Award and Trust Scheme approved by 2023 first extraordinary general meeting of the Company convened on 27 September 2023, the Company signed a trust deed with the trustee to establish a trust serving the H Share Award and Trust Scheme. The trustee assists in managing the plan and, following the trust deed and the Company's instructions, purchases the Company's H-shares through market transactions. These shares are funded by the Company'

F

For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

12 Share-based payments (continued)

12.1 G - (continued)

On 12 April 2024, the Board of Directors resolved to grant a total of 363,100 reward shares to the first batch of 35 selected participants at an award price of RMB0/share, with the closing price of H-shares on the grant date being HKD11.20.

On 23 April 2024, the Board of Directors resolved to grant a total of 555,000 reward shares to the second batch of 32 selected participants at an award price of RMB7/share, with the closing price of H-shares on the grant date being HKD10.80.

On 18 June 2024, the Board of Directors resolved to grant a total of 322,000 reward shares to the third batch of 50 selected participants at an award price of RMB7/share, with the closing price of H-shares on the grant date being HKD11.94.

According to the H Share Award and Trust Scheme, the vesting schedule and ratio for the awarded H-share rewards are as follows:

%	%	%
First vesting period	From the first trading day after the grant date To the last trading day within 12 months from the grant date	25%
Second vesting period	From the first trading day 12 months after the grant date To the last trading day within 24 months from the grant date	25%
Third vesting period	From the first trading day after 24 months from the date of grant To the last trading day within 36 months from the date of grant	25%
Fourth vesting period	From the first trading day 36 months after the grant date To the last trading day within 48 months from the grant date	25%

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

12 Share-based payments (continued)

12.2

D

Significant parameters of fair value of equity instruments on grant date	Closing price on grant date
Determination of the quantity of exercisable equity instruments	
Reason for material difference between the estimates for 2024 and 2023	
Accumulated amount of equity-settled share-based payment in capital reserves	48,854,883.98

12.3

	2024		Year 2023		
G			Equity-settled share-based payments	Cash-settled share-based payments	Total
H Share Award and Trust Scheme	3,997,509.78	3,997,509.78			
Total	3,997,509.78	3,997,509.78			

13 Commitments and contingencies

13.1

13.1.1 Commitments for capital expenditures

The Company's commitments related to capital expenditure contracted for but not provided in the balance sheet as at the balance sheet date:

	31 D 2024	31 December 2023
Buildings, constructions and machinery equipment	73,035,553.02	122,040,000.00
Total	73,035,553.02	122,040,000.00

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

13 Commitments and contingencies (continued)

13.1 (continued)

13.1.2 Outward investment commitments

As of 31 December 2024, the Company had no commitments for outward investments.

13.2 C

The Company had no significant contingencies required to be disclosed.

14 Post balance sheet events

14.1 ,

On 28 March 2025, the 18th meeting of the 4th Board of Directors of the Company reviewed and approved the proposal on the 2024 Profit Distribution Plan, proposing that the Company would distribute a cash dividend of RMB3 (including tax) per 10 shares to all shareholders based on the total equity of 72,670,000 shares before the record date determined by the implementation of the 2024 final profit distribution plan, with a total cash dividend of RMB21,801,000 (including tax). The final profit distribution plan for 2024 shall not be implemented until it is reviewed and approved at the annual general meeting.

14.2 D

None.

15 Capital management

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

– to guarantee the Company's going-concern ability, so as to offer returns to shareholders and other stakeholders;

– to price products and services based on the risk level, so as to offer sufficient returns to shareholders.

The Company has set up the capital amount in proportion to the risk, to manage and adjust the capital structure based on the change in economic environment and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the dividend amount paid to shareholders and the capital returned to shareholders, and issue new shares or sell assets to reduce liabilities.

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

15 Capital management (continued)

The Company monitors capital based on the adjusted debt/capital ratio.

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

	B 31 D 2024	Balance as at 31 December 2023
Debt/capital ratio	**55.30%**	53.93%

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

17 Notes to the main items of the parent company's financial statements

17.1 A ,

17.1.1 Disclosure of accounts receivable by aging

A	B 31 D 2024	Balance as at 31 December 2023
Within 1 year	**74,677,055.21**	48,552,078.47
1 – 2 years	**6,288,695.61**	257,315.13
2 – 3 years	**257,315.13**	709,878.26
Over 3 years		3,906,521.87
Sub-total	**81,223,065.95**	53,425,793.73
Less: provision for bad debts	**11,526,313.86**	5,359,236.04
Total	**69,696,752.09**	48,066,557.69

The aging analysis of the Company's accounts receivable is based on the month in which the payments actually occurred. The payments incurred first will be settled first when the funds are recovered.

17.1.2 Disclosure of accounts receivable by category

	B	B 31 D 2024			Balance as at 31 December 2023				
					Book balance		Provision for bad debts		
	A ,	(%)	A ,	(%)	B ,	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on an individual basis	10,763,194.65	13.25	10,725,880.17	99.65	37,314.48	4,873,715.26	9.12	4,873,715.26	100.00	
Including:										
Medical fees due from patients	10,763,194.65	13.25	10,725,880.17	99.65	37,314.48	4,873,715.26	9.12	4,873,715.26	100.00	
Provision for bad debts by portfolio with the credit risk characteristics	70,459,871.30	86.75	800,433.69	1.14	69,659,437.61	48,552,078.47	90.88	485,520.78	1.00	48,066,557.69
Including:										
Portfolio of overdue days	70,459,871.30	86.75	800,433.69	1.14	69,659,437.61	48,552,078.47	90.88	485,520.78	1.00	48,066,557.69
Total	81,223,065.95	100.00	11,526,313.86	/	69,696,752.09	53,425,793.73	100.00	5,359,236.04	/	48,066,557.69

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

17 Notes to the main items of the parent company's financial statements (continued)

17.1 A , (continued)

17.1.2 Disclosure of accounts receivable by category (continued)

Significant accounts receivable with individual provision for bad debts:

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

17 Notes to the main items of the parent company's financial statements (continued)

17.2

	B 31 D 2024	Balance as at 31 December 2023
Interest receivable	787,500.00	
Dividends receivable	43,400,000.00	14,400,000.00
Other receivables	572,688,222.47	586,048,325.58
Total	616,875,722.47	600,448,325.58

17.2.1 Interest receivable

	B 31 D 2024	Balance as at 31 December 2023
Time deposits	787,500.00	
Sub-total	787,500.00	
Less: provision for bad debts		
Total	787,500.00	

17.2.2 Dividends receivable

	B 31 D 2024	Balance as at 31 December 2023
Cangnan Kangning Hospital Co., Ltd.	4,400,000.00	4,400,000.00
Yueqing Kangning Hospital Co., Ltd.	7,000,000.00	
Qingtian Kangning Hospital Co., Ltd.	16,000,000.00	10,000,000.00
Yongjia Kangning Hospital Co., Ltd.	16,000,000.00	
Sub-total	43,400,000.00	14,400,000.00
Less: provision for bad debts		
Total	43,400,000.00	14,400,000.00

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

17 Notes to the main items of the parent company's financial statements (continued)

17.2 (continued)

17.2.3 Other receivables

(1) Disclosure by aging

A	B 31 D 2024	Balance as at 31 December 2023
Within 1 year	532,356,857.00	552,853,728.97
1 – 2 years	32,666,417.15	34,594,797.65
2 – 3 years	8,304,612.39	496,167.22
3 – 4 years	496,167.22	908,479.96
4 – 5 years	706,350.52	
Sub-total	574,530,404.28	588,853,173.80
Less: provision for bad debts	1,842,181.81	2,804,848.22
Total	572,688,222.47	586,048,325.58

(2) Classified disclosure by provision of bad debts

	B 31 D 2024					Balance as at 31 December 2023				
	B					Book balance		Provision for bad debts		
C	A ,	(%)	A ,	(%)	B ,	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on an individual basis										
Provision for bad debts by portfolio with the credit risk characteristics	574,530,404.28	100.00	1,842,181.81	0.32	572,688,222.47	588,853,173.80	100.00	2,804,848.22	0.48	586,048,325.58
Including:										
Aging portfolio	65,297,554.50	11.37	1,842,181.81	2.82	63,455,372.69	75,462,768.59	12.82	2,804,848.22	3.72	72,657,920.37
Related parties in the consolidation scope	509,232,849.78	88.63			509,232,849.78	513,390,405.21	87.18			513,390,405.21
Total	574,530,404.28	100.00	1,842,181.81		572,688,222.47	588,853,173.80	100.00	2,804,848.22		586,048,325.58

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

17 Notes to the main items of the parent company's financial statements (continued)

17.2 (continued)

17.2.3 Other receivables (continued)

(2) Classified disclosure by provision of bad debts (continued)

Provision for bad debts by portfolio with the credit risk characteristics:

Item accrued on a portfolio basis:

	B	31 D	2024
			(%)
Aging portfolio	65,297,554.50	1,842,181.81	2.82
Related parties in the consolidation scope	509,232,849.78		
Total	574,530,404.28	1,842,181.81	/

(3) Details of provision for bad debts

	12-	(')	( )	
Balance as at 31 December 2023	2,804,848.22			2,804,848.22
In 2024, balance as at 31 December 2023				
—Transferred to Stage II				
—Transferred to Stage III				
—Reversed to Stage II				
—Reversed to Stage I				
Provision in 2024	-962,666.41			-962,666.41
Reversal in 2024				
Write-off in 2024				
Charge-off in 2024				
Other changes				
Balance as at 31 December 2024	1,842,181.81			1,842,181.81

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

17 Notes to the main items of the parent company's financial statements (continued)

17.2 (continued)

17.2.3 Other receivables (continued)

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

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

Book balance	12-	(,	( )	
Balance as at 31 December 2023	588,853,173.80			588,853,173.80
In 2024, balance as at 31 December 2023				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Increase in 2024				
Derecognition in 2024	14,322,769.52			14,322,769.52
Other changes				
Balance as at 31 December 2024	574,530,404.28			574,530,404.28

(4) Provision, reversal or recovery of provision for bad debts in 2024

C	Balance as at 31 December 2023	Changes in 2024 Provision	Recovery or reversal	Write-off or charge-off	Other changes	B 31 D 2024
Other receivables	2,804,848.22		962,666.41			1,842,181.81
Total	2,804,848.22		962,666.41			1,842,181.81

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

17 Notes to the main items of the parent company's financial statements (continued)

17.2 (continued)

17.2.3 Other receivables (continued)

(5) Classification by nature of payment

	B 31 D 2024	Book balance as at 31 December 2023
'		
Other receivables of relatedlNtiblewithmaif th)		

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

17 Notes to the main items of the parent company'

17 Notes to the main items of the parent company's financial statements (continued)

17.3 - , (continued)

17.3.1 Investments in subsidiaries (continued)

Other notes:

In the current period, the Group pledged its equity in Pingyang Changgeng Yining Hospital Co., Ltd. and Yueqing Yining Integrated Traditional Chinese and Western Medicine Hospital Co., Ltd. to China Minsheng Bank Wenzhou Longwan Sub-branch and Shanghai Pudong Development Bank Co., Ltd. Wenzhou Lucheng Sub-branch respectively. See Note 5.20 for details.

17.3.2 Investments in associates, joint ventures

	Balance as at 31 December 2023	Balance of provision for impairment as at 31 December 2023	Increase/decrease in 2024								B 31 D 2024	B 31 D 2024
			Additional investment	Reduced investment	Profit or loss on investments recognised by the equity method	Adjustment to other comprehensive income	Other changes in equities	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
Associates												
Hangzhou Anken Medical Technology Co., Ltd.	16,018,884.98				2,505,129.87		-11,654,848.94				6,869,165.91	
Wenzhou Longwan Yining Hospital Co., Ltd.	56,841,432.86				-416,654.25						56,424,778.61	
Zhejiang Huangfeng Hospital Management Co., Ltd.	21,561,607.67			21,168,383.43	-393,224.24							
Total	94,421,925.51			21,168,383.43	1,695,251.38		-11,654,848.94				63,293,944.52	

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For the Year Ended 31 December 2024
(Amounts are expressed in RMB unless otherwise stated)

17 Notes to the main items of the parent company's financial statements (continued)

17.4

17.4.1 Breakdown of operating income and operating costs

	2024		Year 2023	
		C	Income	Cost
Main business	**376,394,574.38**	**265,148,203.02**	380,358,202.27	269,941,680.92
Other business	**5,808,717.10**	**86,681.23**	6,967,659.63	
Total	**382,203,291.48**	**265,234,884.25**	387,325,861.90	269,941,680.92

17.4.2 Notes to performance obligations

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"AGM"	the annual general meeting of the Company for the year 2024 to be convened and held on June 30, 2025
"Articles"	the articles of association of the Company, as amended, modified or supplemented from time to time
"Audit Committee"	the audit committee of the Board
"Beijing Yining Hospital"	Beijing Yining Hospital Co., Ltd. (北京怡寧醫院有限公司), a company established in the PRC with limited liability on August 17, 2015, one of the Company's indirect non-wholly owned subsidiaries
"Board of Directors" or "Board"	the board of directors of the Company
"Cangnan Kangning Hospital"	Cangnan Kangning Hospital Co., Ltd. (蒼南康寧醫院有限公司), a company established in the PRC with limited liability on June 15, 2012, one of the Company's wholly owned subsidiaries
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules
"Changchun Kanglin Psychological Hospital"	Changchun Kanglin Psychological Hospital Co., Ltd. (長春康林心理醫院有限公司), a company established in the PRC with limited liability on February 16, 2016, one of the Company's indirect non-wholly owned subsidiaries
"Chengdu Yining Hospital"	Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd. (formerly known as Chengdu Yining Hospital Co., Ltd.), a limited liability company established in China on June 29, 2010, is one of the indirectly held non-wholly-owned subsidiaries of our company.
"Chun'an Kangning Hospital"	Chun'an Kangning Huangfeng Hospital Co., Ltd. (淳安康寧黃鋒醫院有限公司), a company established in the PRC with limited liability on April 16, 2020, one of the Company's indirect non-wholly owned subsidiaries
"Company" or "Wenzhou Kangning Hospital"	Wenzhou Kangning Hospital Co., Ltd., a joint stock limited liability company established under the laws of the PRC, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2120)
"Controlling Shareholders"	has the meaning ascribed to it under the Hong Kong Listing Rules and in this annual report, refers to Mr. GUAN Weili and Ms. WANG Lianyue

D

"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange
"Dongkou Lening Hospital"	Dongkou Lening Hospital Co., Ltd., a limited liability company established in China on June 5, 2018, is one of the directly – held non-wholly-owned subsidiaries of our company.
"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 wholly owned subsidiaries indirectly held by the Company, whose principal business is to provide medical services for the geriatric, including geriatric psychiatric and psychological treatment
"Group" or "we" or "our"	the Company and its subsidiaries
"Guanxian Yining Hospital"	Guanxian Yining Hospital Co., Ltd. (冠縣怡寧醫院有限公司), a company established in PRC with limited liability on March 1, 2017, one of the Company's indirect non-wholly owned subsidiaries
"H Share(s)"	

D

"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 as amended, supplemented or otherwise modified from time to time
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Incentive Share(s)"	Non-tradable and non-listed Domestic Shares granted under the Equity Incentive Scheme for subscription by the Participants through the employees' shareholding platform. According to the provisions under the Equity Incentive Scheme regarding Incentive Shares held by the Participants through the employees' shareholding platform, those Incentive Shares shall include the additional Shares in the event of conversion of capital reserve into share capital, bonus issues, share sub-division, etc. by the Company, whether or not the Incentive Shares are already unlocked
"Huainan Kangning Hospital"	Huainan Kangning Hospital Co., Ltd. (淮南康寧醫院有限公司), a company established in the PRC with limited liability on September 22, 2017, one of the Company's indirect non-wholly owned subsidiaries
"Jinyun Shuning Hospital"	Jinyun Shuning Hospital Co., Ltd. (縉雲舒寧醫院有限公司), a company established in the PRC with limited liability on February 15, 2019, one of the Company's non-wholly owned subsidiaries
"Latest Practicable Date"	April 22, 2025, being the latest practicable date for inclusion of certain information in this annual report prior to its publication
"Longquan Kangning Hospital"	Longquan Kangning Hospital Co., Ltd., a limited liability company established in China on February 6, 2023, is one of the indirectly – held wholly-owned subsidiaries of our company.
"Loudi Kangning Hospital"	Loudi City Kangle Kangning Hospital Co., Ltd. (婁底市康樂康寧醫院有限責任公司), a company established in the PRC with limited liability on August 28, 2017, one of the Company's direct non-wholly owned subsidiaries
"Lucheng Yining Hospital"	Wenzhou Lucheng Yining Hospital Co., Ltd. (溫州鹿城怡寧醫院有限公司), a company established in the PRC with limited liability on April 2, 2020, one of the Company's direct non-wholly owned subsidiaries

D

“Linhai Cining Hospital”	Linhai Cining Hospital Co., Ltd. (臨海慈寧醫院有限公司), a company established in the PRC with limited liability on December 11, 2020, one of the Company’s indirect wholly owned subsidiaries
“Macau”	the Macau Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transah1 by Ddirecorsn ofLnisnedIssuers set out ind

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"Qingtian Kangning Hospital"	Qingtian Kangning Hospital Co., Ltd. (青田康寧醫院有限公司), a company established in the PRC with limited liability on April 1, 2011, one of the Company's wholly owned subsidiaries
"Quzhou Yining Hospital"	Quzhou Yining Hospital Co., Ltd. (衢州怡寧醫院有限公司), a company established in the PRC with limited liability on November 20, 2015, one of the Company's indirect non-wholly owned subsidiaries
"Reporting Period"	the year ended December 31, 2024
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including the Domestic Share(s) and the H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen Yining Hospital"	Shenzhen Yining Hospital (深圳怡寧醫院, previously known as Shenzhen Yining Hospital Co., Ltd. (深圳市怡寧醫院有限公司)), a company established in the PRC with limited liability on September 22, 2014, one of the Company's indirect non-wholly owned subsidiaries
"Strategy and Risk Management Committee"	the strategy and risk management committee of the Board
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
"substantial shareholder(s)"	has the meaning ascribed thereto in the Hong Kong Listing Rules
"Supervisor(s)"	the members of the Supervisory Committee
"Supervisory Committee"	the Company's Supervisory Committee established pursuant to the PRC Company Law

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"treasury shares"	Has the meaning ascribed to such term under the Hong Kong Listing Rules.
"Wenzhou Cining Hospital"	Wenzhou Cining Hospital Co., Ltd. (溫州慈寧醫院有限公司), a company established in the PRC with limited liability on January 25, 2006, one of the Company's wholly owned subsidiaries
"Wenzhou Ouhai Yining Elderly Hospital"	Wenzhou Ouhai Yining Elderly Hospital Co., Ltd. (溫州甌海怡寧老年醫院有限公司), a company established in China with limited liability on March 8, 2021, one of the non-wholly owned subsidiaries of the Company
"Yining Psychology Internet Hospital"	Yining Psychology Internet Hospital (Wenzhou) Co., Ltd. (怡寧心理互聯網醫院(溫州)有限公司), a company established in the PRC with limited liability on March 10, 2020, one of the Company's indirect non-wholly owned subsidiaries
"Yongjia Kangning Hospital"	Yongjia Kangning Hospital Co., Ltd. (永嘉康寧醫院有限公司), a company established in the PRC with limited liability on December 12, 2012, one of the Company's wholly owned subsidiaries
"Yueqing Kangning Hospital"	Yueqing Kangning Hospital Co., Ltd. (樂清康寧醫院有限公司), a company established in the PRC with limited liability on September 3, 2013, one of the Company's wholly owned subsidiaries
"Yueqing Yining Hospital"	Yueqing Yining Integrated Traditional Chinese and Western Medicine Hospital Co., Ltd. (樂清怡寧中西醫結合醫院有限公司), a company established in the PRC with limited liability on August 4, 2006, one of the Company's direct wholly-