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Sinohealth Holdings Limited

中康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2361)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

KEY FINANCIAL RESULTS					
	For the six months ended 30 June				
	2023 (Unaudited) RMB'000	Percentage of total revenue	2022 (Unaudited) RMB'000	Percentage of total revenue	Year-on-year change
Revenue	144,950	100%	121,209	100%	19.6%
Smart Decision Cloud	72,073	49.7%	54,351	44.8%	32.6%
Smart Retail Cloud	43,834	30.2%	46,257	38.2%	-5.2%
Smart Medical Cloud	23,314	16.1%	19,964	16.5%	16.8%
Smart Health Management Cloud	5,729	4.0%	637	0.5%	799.4%
Cost of sales	69,768		64,558		8.1%
Gross profit	75,182		56,651		32.7%
Net profit	46,970		5,287		788.4%

The board (the “**Board**”) of directors (the “**Directors**”) of Sinohealth Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a leading service provider in China offering digital intelligence solutions based on big data, artificial intelligence and cloud computing to improve efficiency in the life sciences sector. Through our healthcare industry vertical cloud platform, we offer a comprehensive range of products and services to meet the digitalisation needs of key players in the healthcare industry. We have established a healthcare industry vertical cloud platform covering “Smart Decision Cloud, Smart Retail Cloud, Smart Medical Cloud, Smart Health Management Cloud, Smart Clinic Cloud and Smart Insurance Cloud”, which provides patient-centered integrated solutions for life-cycle health management integrating the elements of “prevention, treatment, maintenance, body and mind”. Our healthcare industry vertical cloud platform has the following key features:

1) **Industry-leading data collection network**

The Group has industry-leading master and retail market insight databases in terms of data type and data size. We have established an extensive data collection network by focusing on pharmaceutical retailing, physical examination, clinical diagnosis and treatment scenarios that cover all endpoints of patients. With our unremitting efforts, we maintain a leading position in the market in terms of data collection network, data size and data quality.

As of 30 June 2023, the Group developed 38 master databases of healthcare industry covering data relating to industry regulation, medicine, pharmacy and life sciences, thus building a comprehensive master data labeling system and forming knowledge graphs. We have stored and analysed more than 32TB of data. The number of pharmaceutical retailers covered by our data collection network through the SIC and CMH model partnership exceeded 1,200. Our partnering pharmacies covers more than 70,000 stores, representing a year-on-year increase of 10.8% as compared to the first half of 2022, spanning 339 cities in 30 provincial administrative regions, of which 80% can assess data in real time and more than 80% of the order-related data can be obtained instantly. Based on our estimation, the GMV of our partnering pharmacies amounted to approximately RMB149.9 billion, accounting for approximately 31.1% of the total sales amount of retail pharmacies in China in 2022. For the six months ended 30 June 2023, our Health Management Cloud reached over 160 hospitals and 650 private physical examination centers in China, and we have processed and analyzed the physical examination data of more than 200,000 physical examination users. Our Smart Medical Cloud has partnered with six top-tier hospitals and 38 clinical departments in China, serving a total of over 200,000 patients.

The Group attaches great importance to data security and privacy management, has always regarded data security as the lifeline of development, and ensures full-process protection for data collection, cleansing, treatment, storage and application. We have constructed a data security and privacy management system in terms of compliance management, data security architecture, division of authority, operation and maintenance, disaster recovery and personal safety, which is updated and improved in accordance with laws and regulations as amended from time to time, in order to ensure the security and compliance of the Group’s core data assets in their entire lifecycle.

The following table sets forth certain key information regarding our data collection network for the periods indicated.

	For the six months ended		Year-on-year change
	30 June 2023	2022	
Number of Partnering Pharmaceutical Retailers	1,262	1,257	0.4%
Number of Stores Covered by Partnering Pharmacies	70,089	63,234	10.8%
Number of Staff Using SIC Mobile App ('000)	223	192	16.1%
Number of Active Pharmacy Staff Using SIC Mobile App ('000)	50	43	16.3%
Number of Pharmacy Consumers Managed by Pharmacies through SIC ('000)	329,092	231,237	42.3%
Number of Active Pharmacy Consumers Managed by Pharmacies through SIC ('000)	38,790	26,791	44.8%
Total Number of Retail Sales Entries Collected through SIC (million)	176	132	33.3%

2) Industry-leading big data treatment technology

The Group has industry-leading big data treatment technology in big data field of healthcare industry chain. We have established a PaaS layer technology cluster that covers the entire healthcare industry chain. Based on technologies such as big data, artificial intelligence and cloud computing, we have established an advanced treatment system for the entire lifecycle of data integration, storage, modeling, analysis, mining and circulation. We have also constructed a secure system leveraging on trusted matrix, de-identification, traceability and other technical means, and outperform the industry average in terms of data scale, data granularity, data cleansing rate, processing efficiency, coverage, accuracy, diversity and governance.

We have also created knowledge graphs based on evidence-based medicine and biomedical sciences which, through a deep learning process, can be automatically associated with the corresponding health indicators, symptoms, diagnostic terminologies, treatment or daily care recommendations for various diseases. As of 30 June 2023, our knowledge graphs covered 7,764 diseases.

We have very strong data processing capabilities. As of 30 June 2023, our data cleansing rate by the middleware exceeded 97%, with a data accuracy rate of over 99%, and we processed and analyzed more than 210 million pieces of data per month. This enables us to efficiently treat large amounts of data in a short period of time and ensures the accuracy and reliability of the data, thus allowing us to build a structured, standardised and systematically analysable data system.

Our technology and data platform infrastructure, Sinohealth-Engine, consists of data technology, AI technology, cloud computing and knowledge insights, which continue to accumulate with the expansion of application scenarios. We can rapidly acquire, cleanse, analyze and use data, and can constantly optimise and expand our products through data treatment, analysis, interpretation and prediction, thus enabling us to provide data-driven solutions and digital support for players in the healthcare industry chain in various application scenarios.

With focus on independent innovation and intellectual property protection, we continue to maintain our investment in research and development in the three areas of big data technology, artificial intelligence and cloud computing, which further strengthens our technological innovation capability as well as our ability to transform technological achievements to help our customers better realise their business objectives and connect the industrial ecosystem. During the Reporting Period, we obtained 8 assessment certifications. We have 10 core patents and 120 core software copyrights approved by the China National Intellectual Property Administration. Our Smart Medical Cloud business segment has published four papers in collaboration with other participants in the healthcare industry, with core employees of our Smart Medical Cloud business as co-authors.

In addition, we have been recognised as a High-Tech Enterprise in Guangdong Province, a Specialised and Innovative Small and Medium-sized Enterprise in Guangdong Province, a Headquarter Enterprise of Guangzhou, an Innovative Small and Medium-sized Enterprise in Guangzhou, a Big Data Artificial Intelligence Enterprise in Guangzhou, and the Most Promising Artificial Intelligence Enterprise in Guangzhou. These accolades are a testament to the comprehensive acknowledgment of the Group's technological innovation, product quality, service excellence, and promising market prospects by relevant government departments and esteemed industry associations, and serve as a driving force for the Group to maintain its unwavering commitment to technology as the foundation and quality as the lifeblood. We will strive to advance our expertise in the fields of big data, artificial intelligence, and cloud computing, fully harness digital value, maintain market competitiveness, and facilitate the intelligent transformation of participants in the healthcare industry, thereby providing multi-level healthcare products and services for patients and leading industry development through innovation.

3) Unique ecosystem-based healthcare industry platform

The Group has established a global ecosystem-based healthcare industry platform. This platform brings together leading enterprises and institutions from various sectors, including branded pharmaceutical companies, pharmaceutical retailers, innovative pharmaceutical companies, capital giants, healthcare product manufacturers and distributors, medical device companies, pharmaceutical commercial entities, pharmaceutical research organisations, healthcare service providers, medical institutions, data and new technology companies, comprehensive healthcare and wellness service providers, and financial and insurance institutions in China and abroad. Through this industry platform, we offer forward-thinking and systematic exchanges of ideas and information, facilitating multi-dimensional resource integration and precise interactions from strategy to execution.

As of 30 June 2023, through our Healthcare Link data platform, we have accumulated a community of over 1,000,000 professionals in the healthcare industry, and successfully aggregated more than 1,300 high-quality upstream suppliers from both domestic and international markets and over 4,000 downstream pharmacy retailers, covering over 270,000 pharmacy stores. After being held for 16 years, CPEO has become a forward-looking industry platform with leading position in China's healthcare industry in terms of specifications, scale and influence. A single conference can connect over 60,000 elite professionals from various entities within the healthcare industry. PHCF has been recognised by the Hainan Provincial Department of Commerce as a 2023 provincial-level project in Hainan Province. Additionally, our media platform matrix has accumulated nearly one million professionals in various fields, including pharmaceutical retail experts, pharmaceutical and medical device manufacturers, pharmacists, physicians, medical experts and industry investors.

We are committed to continuously creating iconic and leading quality content for the industry, aiming to build a comprehensive, efficient, and trend-setting ecosystem in the healthcare industry to provide more precise and high-value opportunities for cooperation in the industry.

During the Reporting Period, benefiting from the Group's industry-leading data collection network and big data treatment technology, as well as its unique ecological healthcare industry platform, Zhongkang Technology, our wholly-owned subsidiary, entered into a strategic cooperation agreement with Shenzhen Data Exchange, pursuant to which the parties will jointly explore a new path of close integration of data circulation infrastructure and data trading, and play an exemplary role in promoting in-depth cooperation in big data business for the medical and healthcare industry nationwide. It also indicated that the Group's strength and influence in big data treatment in the medical and healthcare industry was widely recognized, and further strengthened the Group's leading position in the field of big data in the medical and healthcare industry.

In the future, we will continuously expand our leading edge and continue to promote the in-depth application of big data, artificial intelligence, cloud computing and other technologies in the field of healthcare science and technology to advance the digitalization of the healthcare industry.

BUSINESS OF THE GROUP

During the Reporting Period, our revenue was mainly derived from (1) Smart Decision Cloud; (2) Smart Retail Cloud; (3) Smart Medical Cloud; and (4) Smart Health Management Cloud.

For the six months ended 30 June 2023, the number of corporate customers partnered with the Group was 842, an increase of 35.2% compared to 623 for the same period in 2022, in which the repurchase rate of top class pharmaceutical and medical device corporate customers reached 94.7%

The Group's revenue increased by approximately 19.6% from approximately RMB121.2 million for the six months ended 30 June 2022 to approximately RMB145.0 million for the six months ended 30 June 2023. The Group's gross profit for the six months ended 30 June 2023 amounted to approximately RMB75.2 million, representing an increase of approximately 32.7% as compared to approximately RMB56.7 million for the six months ended 30 June 2022. The Group's gross profit margin increased by 5.2 percentage points from approximately 46.7% for the six months ended 30 June 2022 to approximately 51.9% for the corresponding period of 2023. The Group's net profit margin (calculated based on profit for the period) increased by 28.0 percentage points from approximately 4.4% for the six months ended 30 June 2022 to approximately 32.4% for the same period in 2023.

The following table sets forth a breakdown of our revenue by application scenario for the periods indicated:

	For the six months ended 30 June				Year-on-year change
	2023		2022		
	(Unaudited)		(Unaudited)		
	<i>RMB'000</i>	<i>% as total revenue</i>	<i>RMB'000</i>	<i>% as total revenue</i>	
Smart Decision Cloud	72,073	49.7%	54,351	44.8%	32.6%
Smart Retail Cloud	43,834	30.2%	46,257	38.2%	-5.2%
Smart Medical Cloud	23,314	16.1%	19,964	16.5%	16.8%
Smart Health Management Cloud	5,729	4.0%	637	0.5%	799.4%
Total	<u>144,950</u>	<u>100.0%</u>	<u>121,209</u>	<u>100.0%</u>	<u>19.6%</u>

SMART DECISION CLOUD

In the context of efficient decision-making for pharmaceutical and medical device companies, our core competency lies in integrating the entire chain of pharmaceutical and medical device products that covers research and development, production, distribution, promotion and end-user retail, as well as the entire lifecycle of health management. We provide our clients with an integrated Smart Decision Cloud solution, empowering pharmaceutical and medical device companies with efficient decision-making capabilities and improving the quality of their decision-making processes.

By utilising our SaaS product series under the Smart Decision Cloud, our clients are able to achieve online operation of pharmacies, thereby facilitating the process of digital transformation. The Group can provide detailed data query and data insight through multi-dimensional and extensive data analysis, and utilise different scenario empowerment and modeling tools to achieve standardised, normalised, intelligent and visualised management of pharmaceutical and medical device product flow data, thereby facilitating the decision-making process for new drug research and development, clinical trials, and production and marketing. In addition, we can assist our clients in obtaining information on midstream and downstream channels, retailers, market trends, industry development, as well as patient needs and behavior. By doing so, we can help our clients adjust their production and marketing strategies proactively, thereby improving the market position and market share of products. During the Reporting Period, our Smart Decision Cloud SaaS significantly increased customer stickiness, thus expanding our commercial opportunities.

To better support the digital transformation of pharmaceutical and medical device companies, we also provide efficient digital decision-making professional services to our clients. The Group conducts in-depth analysis of the unique characteristics of pharmaceutical and medical device products across various stages, from research and development, production, distribution to marketing, and provides a wide range of comprehensive insight research, data analysis and visualisation tools to help pharmaceutical and medical device companies quickly obtain key information from each stage of the product lifecycle. By doing so, our services enable our clients to optimise and manage their supply chain, improve their decision-making capabilities and efficiency, and minimise their decision-making costs. We also utilise digital technologies to assist our clients in conducting market analysis, forecasting, and monitoring, allowing them to develop and adjust their sales strategies in a proactive and informed manner, thereby improving the marketing effectiveness and increasing market share.

In addition, we leverage industry ecosystem platforms such as CPEO, the Pharmaceutical Innovation Ecological Conference, the Healthcare Industry Capital Summit and the Healthcare Industry Think Tank to bring together key players in the healthcare industry. Through these platforms, we facilitate forward-thinking and systematic exchange of ideas and information, as well as multi-dimensional resource integration and precise interaction in respect of strategies and tactics. This further enhances the efficiency of inter-industry connectivity, promotes optimal resource allocation, and creates a win-win service model for us and our clients, ultimately empowering our overall business.

For the six months ended 30 June 2023, 461 corporate customers purchased the Group's Smart Decision Cloud services, as compared to 331 customers in the first half of 2022, representing a year-on-year increase of approximately 39.3%. In the first half of 2023, the overall repurchase rate of our Smart Decision Cloud corporate customers was 92.2%.

During the Reporting Period, our revenue from the provision of Smart Decision Cloud services recorded a year-on-year increase of 32.6% from RMB54.4 million for the six months ended 30 June 2022 to RMB72.1 million for the six months ended 30 June 2023, which was mainly due to the increase in revenue generated from new orders arising from the expansion of our data insight business and the market acceptance of our SaaS products.

SMART RETAIL CLOUD

Leveraging on the unique advantage of over 70,000 partnering pharmacies, the Group has established a “one-stop” data collection platform, data marketing-driven solution capabilities and digital precise marketing capabilities based on application scenarios at the pharmacy end.

Pharmacies using our SIC system can realise operation management, membership management, category management, smart marketing, chronic disease management, pharmaceutical services and other business operations. We are dedicated to assisting pharmacies in enhancing their management efficiency and achieving real-time updates and synchronisation of sales data, thereby reducing operational costs. Through digitisation, we enable seamless communication and facilitate the real-time feedback and collection of retail data from pharmacies. This, in turn, empowers our partnering pharmacies to increase their sales revenue and contributes to the overall growth of our business. Our continuous efforts have resulted in higher member loyalty and consumption willingness at our partnering pharmacies compared to other pharmacies. In addition, we are committed to attracting more pharmaceutical and medical device companies as well as pharmaceutical retailers to join our business expansion plan. Our SaaS product series under the Smart Retail Cloud serve as a valuable tool to enhance the interaction between pharmaceutical and medical device companies and pharmacies and between pharmacies and patients. By doing so, we help patients to develop greater trust in pharmaceutical and medical device products, leading to improved treatment effectiveness, and ultimately, a higher quality of life.

We utilise big data processing and analysis to identify potential demands, preferences, and behaviors of retail pharmacies and end-users, and offer pharmaceutical and medical device companies a range of products and professional services including result-oriented and data-driven marketing solutions, precise marketing strategies and professional training services. By doing so, we enable our clients to effectively reach their target audience and quantitatively evaluate the cost-effectiveness of their marketing plans, enhance brand marketing efforts, further control sales expenses, and focus on refined management of cost of sales, ultimately leading to increased market share and marketing revenue.

In addition, we organise industry events such as PHCF and MASC through our industrial ecosystem platform. These events feature comprehensive data analysis, interpretation of policy trends, exploration of new trends in healthcare consumption, and product showcases, aiming to promote the trading of healthcare industry products and facilitate high-quality development of the industry.

For the six months ended 30 June 2023, 443 corporate customers purchased the Group’s Smart Retail Cloud services, as compared to 328 corporate customers in the first half of 2022, representing a year-on-year increase of approximately 35.1%. In the first half of 2023, the overall repurchase rate of our Smart Retail Cloud corporate customers was 79.7%.

Our revenue from the Smart Retail Cloud services decreased by 5.2% from RMB46.3 million for the six months ended 30 June 2022 to RMB43.8 million for the six months ended 30 June 2023, which was mainly due to the fact that despite our proactive adjustments to individual products with low gross profit margins, our other data-driven and digital precise marketing professional services effectively compensated for and boosted the revenue of this business segment.

SMART MEDICAL CLOUD

This business segment is dedicated to connecting the key participants in the medical value chain, namely hospitals, patients and doctors, in order to build a closed-loop ecosystem, and provide comprehensive patient management solutions for pharmaceutical and medical device companies, medical institutions, and other participants in the medical industry.

The Group has developed a cost-effective approach to integrate the six main functions of medical services, pharmacy services, psychological support, remote intelligent testing, financial assistance and home care based on the life cycle of the patient, and has innovatively provided a whole-process patient care service model by cooperating with pharmaceutical and medical device companies and medical institutions to provide more whole-process management digital therapies + private patient operation solutions. The service model effectively improves the continuity, convenience and autonomy of patients in the treatment process, while also helping pharmaceutical and medical device companies and medical institutions improve their patient management processes.

Meanwhile, the Group fully utilises its resources in medical research, data technology, service talents and ecosystem-based platform to provide innovative pharmaceutical and medical device companies with intelligent solutions such as intelligent medical SaaS, innovative drug research and consulting data, innovative drug marketing and real-world research, and conducts market research in a cost-effective and efficient manner to help pharmaceutical and medical device companies, medical institutions and other participants in the healthcare industry to enhance the efficiency of clinical trials and medical research.

In addition, the Group also leverages its unique strengths accumulated in its AI technology team, medical research team, expert think-tank and medical database to provide medical institutions and doctors with one-stop personalised medical solutions covering more comprehensive clinical decision-making tools and operational services based on professional, scientific and efficient medical knowledge and evidence-based data as well as mature internet-based operational tools to help medical institutions and doctors to solve the problems encountered in the whole treatment process from appointment, consultation, diagnosis, treatment to follow-up, medical record management and analysis, drug and medical device assessment, symptom screening, public health monitoring and public health education in an effective and efficient way, thereby improving the treatment quality.

For the six months ended 30 June 2023, our patient management services have served a total of over 0.2 million patients. In the first half of 2023, the overall repurchase rate of our Smart Medical Cloud customers was 86.5%.

Our revenue from the Smart Medical Cloud services increased by approximately 16.8% from RMB20.0 million for the six months ended 30 June 2022 to RMB23.3 million for the six months ended 30 June 2023, primarily due to the increase in revenue from patient management business.

SMART HEALTH MANAGEMENT CLOUD

In order to promote value-oriented health management and individual health responsibility, we collaborate with medical institutions and health management organisations to provide comprehensive, one-stop artificial intelligence AI-MDT and health management services to physical examination users and patients with various chronic illnesses. With tremendous growth potential, revenue from this business segment recorded year-on-year increase of 799.4% during the Reporting Period.

Our AI-MDT is based on knowledge graphs created using evidence-based medicine and biomedical sciences which, through a deep learning process, can be automatically associated with the corresponding health indicators, symptoms, diagnostic terminologies, treatment or daily care recommendations for various diseases. Users purchasing our AI-MDT can easily obtain efficient and comprehensive health analysis reports. Our AI-MDT can also timely adjust and provide personalised health services and develop reasonable health management plans by automatically managing and tracking users' health indicators through AI-driven automation based on the patients' health status and needs. In addition to health management plans, our AI-MDT can also establish risk prediction models to assist medical institutions and health management organisations in developing personalised strategies and treatment plans for different users. With proper authorisation, we provide medical institutions and health management organisations with relevant insights, knowledge and convenient patient management tools, enabling them to conduct online follow-up and evaluation studies more efficiently. This, in turn, enhances the treatment effectiveness and helps patients lead better lives, thereby empowering us in realising the goal of "Creating Common Interests for the Value of Patients Through Patient-Centered Approaches".

Based on user purchasing behavior, we charge medical institutions or health management organisations certain fee for our services. Therefore, we will receive a higher fee for the greater and more frequent demand from users for AI-MDT and the accompanying health management services. During the six months ended 30 June 2023, we have reached over 160 hospitals and 650 private physical examination centers in China. We have over 200,000 paid users who have purchased our services through the hospitals and private physical examination centers at least once. We process a maximum of over 7,300 individual physical examination reports per day, and in the foreseeable future, we plan to expand our services to more medical institutions and health management organisations in more cities in order to serve a larger population of physical examination users.

During the Reporting Period, our revenue from the Smart Health Management Cloud services increased by approximately 799.4% from RMB0.6 million for the six months ended 30 June 2022 to RMB5.7 million for the six months ended 30 June 2023, which was mainly attributable to the increase in revenue from AI-MDT.

FUTURE OUTLOOK

In recent years, there has been a significant increase in the introduction of policies related to data elements, such as the “14th Five-Year Plan for Digital Economy Development”, the “Opinions on Building a Better Data Foundation System to Enhance the Role of Data Elements” and the “Overall Plan for the Construction of Digital China”. Additionally, the establishment of the National Big Data Bureau has played a crucial role. These developments have led to improved systems concerning data element property rights, circulation and transactions, and income distribution. As a result, the data element market has experienced accelerated and standardised growth. This, in turn, has unlocked the untapped potential of data production and application processes, providing a solid foundation and strong impetus for the digitalisation of the healthcare industry.

The “Healthy China 2030 Planning Outline” has proposed several key measures in response to various factors such as aging population, increasing individuals with suboptimal health, and the rising incidence of chronic diseases like cardiovascular diseases, stroke and type 2 diabetes. These measures are as follows: 1) shifting the focus of healthcare services from a “disease-centered” approach to a “health-centered” approach, providing comprehensive and lifelong services that cater to individuals’ overall well-being; 2) transitioning from a reactive approach of “treating existing diseases” to a proactive approach of “preventing diseases”, placing greater emphasis on health education, disease prevention and health promotion; and 3) shifting the responsibility for healthcare from solely relying on the healthcare system to promoting a holistic societal approach, which involves fully mobilising individuals, families and other stakeholders. This marks the beginning of a new era in China’s healthcare industry, where individuals are encouraged to take personal ownership of their health and actively involve in making decisions about their own well-being as the primary custodians of their personal health. Through digitisation and empowering individuals with access to information and resources, various aspects of the healthcare industry chain, such as pharmacies, hospitals, smart devices, physical examinations and food industry, are interconnected to meet the diverse and evolving health needs of individuals. At the same time, a healthcare system centered around individual health requires massive data and tool support, leading to an explosive growth of big data and digital products in healthcare industry.

Standing at the forefront of the wave of digital transformation of healthcare industry participants empowered by the application of big data technology, artificial intelligence and cloud computing, the Group will uphold the corporate mission of “developing smart healthcare industry and promoting smart healthy life”, and focus on helping participants of the healthcare industry establish the core capabilities of efficient decision-making and precise connection through the means of technological innovation, so as to enhance marketing effectiveness and research and development efficiency. The Group will focus on the supply of high-quality data elements, and place greater emphasis on in data labeling, data cleansing, desensitisation, decryption, aggregation, analysis and other processes in order to improve its data resources processing capabilities. It will also promote the construction of standard systems of data resources in the healthcare industry, improve data management levels and data quality, and is committed to helping customers deeply integrate digital application technologies. The Group will also promote digital transformation in the development and design, operation management and marketing of enterprises in the healthcare industry, in order to help the industry speed up the remedy for the shortcomings of digital transformation and empower the industry to transform and upgrade, thus creating an industrial structure of high-quality development.

Maximising the value of data element. Data element is the core engine for the in-depth development of the digital economy. It is not only increasingly important in multiplying the production efficiency of the healthcare industry prominent, but also is the core asset on which the Group relies for its development. In order to further consolidate our leading position in the industry and play a leading role in the development of data elements, we will 1) expand the depth and breadth of data collection, consolidate the core value of data and connect more pharmaceutical and medical device retail markets, medical institutions and physical examination centers to enhance our data scale; 2) strengthen data governance, artificial intelligence and cloud computing capabilities, maintain our industry-leading data governance capabilities, create structured and standardised data benchmarks, enhance the applicability and authority of data, and continuously enrich and deepen insights into the market as well as the understanding and application of various disease areas; 3) adhere to market orientation and continuously realise the iteration and optimisation of products and services to meet the high-quality development needs of the industry; 4) use industrial data to empower the industrial ecology and fully utilise the function of connection to establish an efficient communication and cooperation platform for the industry participants, meanwhile using the platform to efficiently connect with customers to improve the conversion rate and penetration rate of our various businesses; and 5) further expand our database, create a new and extensive product matrix and open up new market segments through strategic cooperation, project investment and equity mergers and acquisitions.

Expanding the advantage of market leadership. For market strategy, the Group will continue its initiatives to develop key customers and key markets, provide key customers with customised products and services that better meet their needs, strengthen the relationship with customers, increase the number of products per customer, and achieve simultaneous growth in number of industry-leading customers and unit price of customer. Meanwhile, we will develop the long tail market relying chiefly on our standard products, so as to facilitate rapid development of our business scale in an all-round way. In addition, we will follow up the needs of new customer groups such as securities dealers, funds and business research institutions, provide customised SaaS products and business insight reports, continuously expand new customer groups, and enhance the influence of the Group's data products on the industry and its benchmarking attributes, with a view to establishing its market leadership in multiple dimensions.

OUTLOOK ON MAIN BUSINESSES

In order to maximise the efficiency of resource allocation, optimise its strategic development layout and achieve high-quality sustainable development, the Group has formulated “short, medium and long-term” business development plans. We will continue to expand our leading edge in Smart Retail Cloud and Smart Decision Cloud segments to gain a larger market share, and will continue to optimise the products under Smart Medical Cloud and Smart Health Management Cloud, accelerate market expansion, expand its business scale, thus forming new drivers for its profit growth. The Group plans to build a closed-loop database of “patients, pharmacies, hospitals, physical examinations, pharmaceutical and medical device production and insurance”, so as to establish the advantage of large-scale and standardised data covering the whole industry, thereby maximising the value of data element.

1) Smart Decision Cloud. Combining industry trends, customer needs and its own operating experience, the Group will continue to optimise existing products and develop new products to achieve more efficient ecological links in order to meet the diverse needs of pharmaceutical manufacturers and other customers. The Group will continue to enhance its competitive advantages in multiple dimensions such as data scale, industrial ecology, market insight, decision support and industry foresight, create differentiated product competitiveness, and help customers reduce costs and enhance efficiency. Meanwhile, the Group will be committed to creating data standards for the healthcare industry, improving the influence of the industry and enabling Sinohealth's data to contribute to the high-quality development of the industry. The Group will optimise the innovative contents of the conference by improving the forward-looking insight of the healthcare industry in a data-driven approach, with a view to establishing an international healthcare industry conference system. The Group is actively preparing for a traditional Chinese medicine conference and is also developing data products that focus on traditional Chinese medicine conference to accelerate the expansion of the traditional Chinese medicine market and contribute to the high-quality development of traditional Chinese medicine industry by leveraging the power of data.

2) Smart Retail Cloud. We will further improve and expand the capabilities of SIC to empower pharmacies in areas such as membership management, chronic disease care and management, professional training, drug purchase guidance, and supply chain management. This will help pharmacies establish themselves as a “gateway to health management”, offering customers more professional, efficient and comprehensive health management services. By increasing the connection between pharmacies and personal health, we aim to help pharmacies improve their quality and efficiency. In addition, the extensive use of SIC will help the Group strengthen its partnerships with various pharmaceutical retailers, expand the coverage of pharmacy data, and maintain the Group's leading position in terms of data scale, granularity, coverage, timeliness and other aspects.

3) Smart Medical Cloud. We will continue to expand our business layout, enhance our data scale and explore more commercial models. The Group has been operating in the medical sector for many years, and has established and operated a medical data processing platform, a full-range care service system for patients, multiple tumor MDT academic platforms and full-course management and evaluation systems for hospitals. We will integrate existing resources and, focusing on the goal of “serving as an accelerator for the commercialisation of innovative pharmaceutical and medical devices”, help innovative pharmaceutical and medical device companies to effectively connect patients, doctors and experts in the aspects of program design, intelligent systems and operational services. Based on the core competence of Sinohealth-Engine and the network of hospitals and experts accumulated in the big data platform and the solution sector, and focusing on the full life-cycle of pharmaceutical and medical devices from clinical development to post-launch marketing, we provide enterprises with personalised digital products, including products for intellectual property scientific research collaboration, artificial intelligence and medical inter-disciplinary research and the research and development of AI technology-based patient management products, thereby rapidly achieving the best commercialisation solutions.

4) Smart Health Management Cloud. According to publicly available statistics, the number of physical examinations in China has exceeded 500 million per year. With the improvement of national health awareness, the number of physical examinations and the demand for health management will continue to grow, which will create a larger market space for AI-MDT and supporting health management services. We will continue to utilise our advantages in data, knowledge and expert network to provide more in-depth and effective AI-MDT physical examination reports for the physical examination population. We will also further optimise and expand product functions, and collaborate more with hospitals and physical examination institutions to provide services such as physical examination data management, health profiling, post-examination product packages, post-examination services, chronic disease management and marketing tools, so as to meet the needs for post-examination health management of multi-level population, help physical examination centers develop the market and build diversified customer acquisition channels, so that more people can access AI-MDT to enjoy better health management services.

5) Smart Clinic Cloud. The “Opinions on Further Deepening Reform and Promoting the Healthy Development of the Rural Medical and Health System” issued by the State Council of China proposes to support the construction of county-level hospital facilities and service capabilities, in order to achieve significant improvement in infrastructure conditions and gradually popularise intelligent and digital applications for the prevention and treatment of diseases and the significant improvement in health management capabilities. With the support of this policy, county level outpatient clinics will accelerate their digital transformation and our Woodpecker outpatient clinics may experience larger room for growth.

6) Smart Insurance Cloud. With the continuous expansion of smart health management, smart medical care, smart clinics and other businesses, it is expected that the scale of the Group’s medical data, physical examination data and innovative pharmaceutical and medical device data will achieve a rapid growth, thus forming a closed-loop healthcare industry database together with the already leading retail market data, so that the effects of scale and network can be fully leveraged. As such, the Group is enabled to develop products and services that can meet the needs of big data intelligent application for commercial insurance, and provide commercial insurance institutions with professional SaaS products and supporting professional services at various aspects such as product design, sales channels, customer profile and business strategies, thus finally achieving a closed-loop in the Group’s business of full life-cycle health management at the insurance service sector.

Under the long-term trend of the dualisation of the healthcare industry and the rapid development of the digital industry, the Group has ushered in an unprecedented opportunity to achieve a leapfrog development. We will continue to explore and practice in the field of healthcare industry services, improve product quality and professional service capabilities, and provide customers with multi-level and diversified digital applications and solutions. We are aiming to establish industry benchmarks and leading capabilities so as to actively promote high-quality development of the healthcare industry.

FINANCIAL REVIEW

Revenue

In the first half of 2023, the Group generated revenue from four business segments, namely Smart Decision Cloud; Smart Retail Cloud; Smart Medical Cloud; and Smart Health Management Cloud. The Group's revenue increased by approximately 19.6% from approximately RMB121.2 million for the six months ended 30 June 2022 to approximately RMB145.0 million for the six months ended 30 June 2023, which was mainly due to the increase in revenue from the Smart Decision Cloud.

Cost of Sales

The Group's cost of sales primarily consisted of (i) staff costs related to our employee benefits for our employees in relation to the daily operation and maintenance of our solutions and products; and (ii) event costs mainly relating to venue and equipment rentals, event planning and organisation services fees, accommodation and catering costs. The Group's cost of sales increased by approximately 8.1% from approximately RMB64.6 million for the six months ended 30 June 2022 to approximately RMB69.8 million for the six months ended 30 June 2023, which was mainly due to the increase in cost of sales driven by the growth of the Group's business.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 June 2023 amounted to approximately RMB75.2 million, representing an increase of approximately 32.7% as compared to RMB56.7 million for the first half of 2022. The Group's gross profit margin increased by 5.2 percentage points from approximately 46.7% for the six months ended 30 June 2022 to approximately 51.9% for the corresponding period of 2023.

Other Income and Gains

Other income and gains primarily consisted of (i) government grants; (ii) foreign exchange gains; and (iii) bank interest income. The Group recorded other income and gains of approximately RMB35.8 million for the six months ended 30 June 2023, representing an increase of approximately 229.8% as compared to approximately RMB10.9 million for the six months ended 30 June 2022. Such increase was mainly due to (i) the increase in foreign exchange gains and (ii) the increase in interest income, especially due to the proceeds from the Global Offering.

Selling and Distribution Expenses

Selling and distribution expenses mainly consist of (i) employee benefit expenses for employees responsible for sales and marketing functions; (ii) travel and transportation expenses related to offline marketing campaigns, the development and maintenance of customer relationship and production of advertising materials; and (iii) general office expenses. For the six months ended 30 June 2023, the Group's selling and distribution expenses amounted to approximately RMB15.1 million, which generally remained the same as compared to approximately RMB15.1 million for the six months ended 30 June 2022.

Administrative Expenses

The Group's administrative expenses primarily consisted of (i) employee benefits expenses; and (ii) professional fees. The Group's administrative expenses decreased by approximately 19.2% from approximately RMB18.7 million for the six months ended 30 June 2022 to approximately RMB15.1 million for the six months ended 30 June 2023, which was mainly due to the decrease in the listing expenses.

Research and Development Costs

The Group's research and development costs primarily consisted of (i) employee benefits expenses; (ii) depreciation of right-of-use assets and (iii) technology services fees and general office expenses. The Group's research and development costs decreased by approximately 4.5% from approximately RMB28.5 million for the six months ended 30 June 2022 to approximately RMB27.2 million for the six months ended 30 June 2023, primarily due to a decrease in employee benefits expenses.

Profit before Tax

Based on the above reasons, the Group's profit before tax increased by approximately 1,119.9% from approximately RMB3.9 million for the six months ended 30 June 2022 to approximately RMB47.9 million for the six months ended 30 June 2023.

Income Tax Expense

The Group's income tax expense amounted to approximately RMB0.9 million for the six months ended 30 June 2023, as compared to income tax credit of approximately RMB1.4 million for the six months ended 30 June 2022, representing an increase of approximately 167.7% in income tax expense, which was mainly due to the increase in profit before tax.

Profit for the Period

As a result of the foregoing, the Group's profit for the period increased by approximately 788.4% from approximately RMB5.3 million for the six months ended 30 June 2022 to approximately RMB47.0 million for the six months ended 30 June 2023.

Liquidity and Capital Resources

For the six months ended 30 June 2023, the Group financed its operations mainly through cash generated from the Group's operating activities. The Group intends to continue to finance its expansion and business operations using a combination of cash generated from operating activities and the net proceeds from the Global Offering.

Cash and Cash Equivalents

The Group maintains a strong cash position. For the six months ended 30 June 2023, the Group's total cash and cash equivalents amounted to approximately RMB199.2 million, representing a decrease of approximately 51.3% from RMB409.3 million as at 31 December 2022. Such decrease was mainly due to the fact that the Company deposited certain funds in licensed financial institutions as fixed deposits. As at 30 June 2023, the Group's cash and cash equivalents were mainly denominated in RMB.

Borrowings

During the six months ended 30 June 2023, the Group did not have any short-term or long-term bank borrowings and had no outstanding bank and other borrowings and other indebtedness apart from lease liabilities for the relevant lease terms amounting to approximately RMB16.7 million in aggregate.

Gearing Ratio

The gearing ratio, which is calculated by dividing total liabilities by total equity, was 18.2% as at 30 June 2023 (31 December 2022: approximately 14.9%).

Foreign Currency Risk

The Group has transactional currency exposures and are subject to foreign currency risk arising from fluctuations in exchange rates between RMB and US\$. As at 30 June 2023, the Group had transactional currency exposures. Such exposures arose from its cash and cash equivalents and fixed deposits in US\$. The Group is currently not engaged in hedging activities that are designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange activities and make its best efforts to protect the cash value of the Group.

Charge on Assets

As at 30 June 2023, the Group did not pledge any of its assets.

Cash Flow and Capital Expenditure

As at 30 June 2023, the Group's capital expenditures were mainly incurred for the acquisition of equipment and software, which remained at a limited level of approximately RMB1.7 million, representing an increase of approximately 32.4% as compared to the six months ended 30 June 2022.

The Group intends to fund future capital expenditures from cash balance, cash generated from operating activities and proceeds from the Global Offering. The Group will continue to incur capital expenditures to meet the expected growth of the business, and may reallocate funds for capital expenditures and long-term investments based on the Group's ongoing business needs.

Contingent Liabilities and Guarantees

As at 30 June 2023, the Group did not have any significant contingent liabilities, guarantees or any material litigation against the Group.

Significant Acquisitions or Disposals and Future Plans for Significant Investments

The Group did not have any significant acquisitions or disposals of subsidiaries, associates and joint ventures as at 30 June 2023.

As at 30 June 2023, none of each individual investment held by the Group constituted 5% or more of the total assets of the Group, and there is no future plan for any material investment or capital assets.

Employees and Staff Costs

As at 30 June 2023, the Group had a total of 698 (30 June 2022: 673) full time employees, all of whom were located in Mainland China. For the six months ended 30 June 2023, the Group recognised staff costs of approximately RMB66.6 million, representing a decrease of approximately 7.8% as compared to the six months ended 30 June 2022.

The increase in the number of employees of the Group in the first half of 2023 was primarily due to the Group's expansion of the solutions and products team and sales team in response to the Group's business needs. As at 30 June 2023, 124, 90 and 154 of the Group's employees possessed medical expertise, medicine expertise and computer science expertise, respectively. The Group's specialised talents have more than seven years' industrial experience on average.

The following table sets forth the number of employees by function, and the percentage of each function to the Group's total number of employees as at 30 June 2023.

Function	Number	Percentage to the total number of employees
Solutions, Products and Services	275	39.4%
Research and Development	241	34.5%
Sales and Marketing	117	16.8%
General and Administrative	65	9.3%
Total	<u>698</u>	<u>100%</u>

The Group embraces diversity and focuses on equal opportunity during its recruitment process. The Group also highly values employees and places an emphasis on the development of employees. In order to advance the skills and knowledge of employees as well as to explore new potential from within the Group's workforce, the Group invests in continuing education and training programs for the management and other staff members to update their skills and knowledge periodically. Generally, the Group's training focuses on operations, technical knowledge, intellectual property protection and work safety standards. The Group has also established various internal professional committees working on a variety of areas such as pharmacy and medicine, data and technology, and industry development, to promote employees' professional development and encourage exchange of information.

The remuneration package of the Group's employees includes basic salary, performance bonuses and allowances. The Group determines employee remuneration based on factors such as competency, performance, qualifications, expertise and years of experience. The Group typically enters into employment contracts and confidentiality agreements with its employees.

The Group participates in and makes contributions to housing funds and social insurance contribution plans organised by the relevant local municipal and provincial governments, including pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing fund plans.

In addition, to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of the Group, the Company has adopted the Share Option Scheme and the Share Award Scheme.

Subsequent Events

No significant events that require additional disclosure or adjustments occurred after the end of the Reporting Period and up to the date of this announcement.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		2023	2022
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	RMB'000
REVENUE	5	144,950	121,209
Cost of sales		<u>(69,768)</u>	<u>(64,558)</u>
Gross profit		75,182	56,651
Other income and gains	5	35,816	10,861
Selling and distribution expenses		(15,109)	(15,096)
Administrative expenses		(15,121)	(18,725)
Research and development costs		(27,229)	(28,520)
Impairment losses on financial assets, net		(5,361)	(1,021)
Other expenses		(8)	(10)
Finance costs		<u>(278)</u>	<u>(214)</u>
PROFIT BEFORE TAX	6	47,892	3,926
Income tax (expense)/credit	7	<u>(922)</u>	<u>1,361</u>
PROFIT FOR THE PERIOD		<u>46,970</u>	<u>5,287</u>
Attributable to:			
Owners of the parent		47,833	3,860
Non-controlling interests		<u>(863)</u>	<u>1,427</u>
		<u>46,970</u>	<u>5,287</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>46,970</u>	<u>5,287</u>
Attributable to:			
Owners of the parent		47,833	3,860
Non-controlling interests		<u>(863)</u>	<u>1,427</u>
		<u>46,970</u>	<u>5,287</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	<u>0.11</u>	<u>0.01</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	<i>Notes</i>	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		4,733	4,383
Right-of-use assets		15,904	6,854
Other intangible assets		1,254	1,590
Time deposits		162,746	80,772
Deferred tax assets		1,623	686
 Total non-current assets		 186,260	 94,285
CURRENT ASSETS			
Inventories		3,360	2,317
Trade and notes receivables	10	73,768	91,993
Prepayments, other receivables and other assets		20,014	20,988
Financial assets at fair value through profit or loss		46,797	2,098
Time deposits		320,292	175,474
Cash and cash equivalents		199,194	409,318
 Total current assets		 663,425	 702,188
CURRENT LIABILITIES			
Trade payables	11	8,989	14,665
Other payables and accruals		103,635	74,139
Lease liabilities		2,798	3,223
Due to a related party		157	355
Tax payable		1,639	5,407
 Total current liabilities		 117,218	 97,789
 NET CURRENT ASSETS		 546,207	 604,399
 TOTAL ASSETS LESS CURRENT LIABILITIES		 732,467	 698,684

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Lease liabilities		13,890	3,904
Deferred tax liabilities		—	1,544
		<hr/>	<hr/>
Total non-current liabilities		13,890	5,448
		<hr/>	<hr/>
Net assets		718,577	693,236
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>12</i>	30,384	30,384
Treasury shares	<i>12</i>	(106,997)	(101,121)
Reserves		797,855	765,775
		<hr/>	<hr/>
		721,242	695,038
		<hr/>	<hr/>
Non-controlling interests		(2,665)	(1,802)
		<hr/>	<hr/>
Total equity		718,577	693,236
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 4 March 2019. The registered address of the Company is at the office of Ogier Global (Cayman) Limited, of 89 Nexus Way, Grand Cayman, KY1-9009, Cayman Islands.

The Company is an investment holding company. During the reporting period, the Company's subsidiaries were principally engaged in the provision of Data Insight Solutions, Data-driven Publications and Events and SaaS products.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 12 July 2022.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group has applied the amendments on temporary differences related to leases from beginning, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>	144,950	121,209

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Type of goods or services by product categories		
Data Insight Solutions	88,692	83,552
Data-driven Publications and Events	32,107	21,021
SaaS products	24,151	16,636
	<u>144,950</u>	<u>121,209</u>
Type of goods or services by application scenarios		
Smart Decision Cloud	72,073	54,351
Smart Retail Cloud	43,834	46,257
Smart Medical Cloud	23,314	19,964
Smart Health Management Cloud	5,729	637
	<u>144,950</u>	<u>121,209</u>
Geographical markets		
Mainland China	144,782	121,076
Overseas	168	133
	<u>144,950</u>	<u>121,209</u>
Timing of revenue recognition		
Services transferred at a point in time	78,426	59,659
Services transferred over time	66,524	61,550
	<u>144,950</u>	<u>121,209</u>

(b) **Performance obligations**

Information about the Group's performance obligations is summarised below:

Data Insight Solutions

The performance obligation for delivery of customised research reports is generally satisfied at the point of time when the individual research report is delivered and accepted by the customers and payment is generally due within 120 days from the date of billing. The performance obligation for provision of individual marketing solution is satisfied over time as services are rendered and payment in advance is normally required.

Data-driven Publications and Events

The performance obligation is satisfied over time as services are rendered, where payment in advance is normally required. The services related to Data-driven Publications and Events are generally completed within one week.

SaaS products

The performance obligation for granting right to access the proprietary cloud-based software is satisfied over time as services are rendered, where payment in advance is normally required. The performance obligation for API use is satisfied at the point of time when the right to use is granted and payment is generally due immediately. The performance obligation for application software development is satisfied at the point of time when the application software together with relevant license is accepted by the customers, and payment is generally due when the service was completed.

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other income		
Bank interest income	12,521	78
Government grants*	8,206	3,791
Investment income from financial assets at fair value through profit or loss	20	2,842
Others	227	448
	<u>20,974</u>	<u>7,159</u>
Gains		
Fair value gains on financial assets at fair value through profit or loss	209	3,425
Foreign exchange gains, net	14,445	277
Gains on lease modifications	14	–
Others	174	–
	<u>35,816</u>	<u>10,861</u>

* The government grants mainly represent incentives awarded by the local governments to support the Group's operation. There were no unfulfilled conditions or contingencies attached to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2023	2022
	(Unaudited) RMB'000	(Unaudited) RMB'000
Cost of services provided	69,768	64,558
Depreciation of property, plant and equipment	1,242	1,213
Depreciation of right-of-use assets	2,890	2,430
Amortisation of other intangible assets	430	335
Research and development costs	27,229	28,520
Listing expenses	–	4,190
Lease payments not included in the measurement of lease liabilities	50	58
Bank interest income	(12,521)	(78)
Government grants	(8,206)	(3,791)
Investment income from financial assets at fair value through profit or loss	(20)	(2,842)
Fair value gains on financial assets at fair value through profit or loss	(209)	(3,425)
Gains on lease modifications	(14)	–
Foreign exchange gains, net	(14,445)	(277)
Loss on disposal of items of property, plant and equipment	1	4
Impairment of trade receivables, net	5,361	1,021

7. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company and its subsidiary are not subject to any income tax in the Cayman Islands and the BVI.

The statutory tax rate for the subsidiary in Hong Kong is 16.5%. No Hong Kong profits tax on the subsidiary has been provided as there was no assessable profit arising in Hong Kong during the period.

The statutory tax rate for the subsidiary in Singapore is 17%. No Singapore profits tax on the subsidiary has been provided as there was no assessable profit arising in Singapore during the period.

The provision for current income tax in Mainland China is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

Guangzhou Sinohealth Information Co., Ltd. (“**Sinohealth Information**”) was accredited as a high and new technology enterprise (“**HNTE**”) in 2019, and the certifications were valid for three years. Sinohealth Information did not renew the HNTE Certificate in 2022, thus could no longer enjoy the preferential income tax rate of 15%. For the six months ended 30 June 2023, Sinohealth Information was entitled to a PRC Corporate Income tax rate of 25% (30 June 2022: 15%).

Guangzhou Zhongkang Digital Technology Co., Ltd. (“**Guangzhou Zhongkang Digital**”) was accredited as a high and new technology enterprise (“**HNTE**”) in December 2022, and the certifications were valid for three years. For the six months ended 30 June 2023, Guangzhou Zhongkang Digital was entitled to a preferential PRC Corporate Income tax rate of 15% (30 June 2022: 25%).

Certain of the subsidiaries, which operate in Mainland China, are identified as Small and Micro Enterprises and were entitled to a preferential tax rate of 5% during the period.

The major components of the income tax expense of the Group during the period are analysed as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – Mainland China charge for the period	3,403	127
Deferred tax	(2,481)	(1,488)
	<u> </u>	<u> </u>
Total tax charge/(credit) for the period	922	(1,361)
	<u> </u>	<u> </u>

8. DIVIDENDS

On 29 March 2023, a final dividend for the year ended 31 December 2022 of HK\$3.98 cents per ordinary share, amounting to approximately RMB15,753,000, has been approved by the shareholders at the annual general meeting for the Company, which was paid in July 2023.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of shares has been retrospectively adjusted for the effect of the capitalisation issue note 12 on the assumption that the capitalization issue had been completed on 1 January 2021.

The Group had no potentially dilutive ordinary shares in issue during the period.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	47,833	3,860
	<u> </u>	<u> </u>
Number of shares		
For the six months ended 30 June		
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation	430,762,185	375,000,000
	<u> </u>	<u> </u>

10. TRADE AND NOTES RECEIVABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade receivables	83,447	92,028
Notes receivable	2,004	6,287
Impairment	<u>(11,683)</u>	<u>(6,322)</u>
	<u>73,768</u>	<u>91,993</u>

The Group's trading terms with its customers are mainly on credit. The credit terms granted generally ranged from 7 days to 120 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction dates and net of loss allowance, is as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 6 months	42,797	66,345
6 to 12 months	22,219	11,084
1 to 2 years	6,648	8,162
2 to 3 years	<u>100</u>	<u>115</u>
	<u>71,764</u>	<u>85,706</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
At beginning of period/year	6,322	4,541
Impairment losses, net	5,361	2,678
Amount written off as uncollectible	<u>-</u>	<u>(897)</u>
At end of period/year	<u>11,683</u>	<u>6,322</u>

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 3 months	6,514	11,834
4 to 6 months	676	623
7 to 12 months	666	1,968
Over 12 months	1,133	240
	<u>8,989</u>	<u>14,665</u>

Trade payables are non-interest-bearing and are normally settled within 90 days.

12. SHARE CAPITAL AND TREASURY SHARES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Authorised:		
2,000,000,000 (2022: 2,000,000,000) ordinary shares of US\$0.01 each		
US\$'000	4,518	4,518
RMB'000	<u>30,384</u>	<u>30,384</u>
Issued and fully paid:		
451,770,000 (2022: 451,770,000) ordinary shares of US\$0.01 each		
US\$'000	4,518	4,518
RMB'000	<u>30,384</u>	<u>30,384</u>

A summary of movements in the Company's share capital is as follows:

	Number of	Share capital	Treasury shares
<i>Notes</i>	shares in issue	RMB'000	RMB'000
At 1 January 2022	5,000,000	322	–
Initial public offering	(a) 75,000,000	5,047	–
Capitalisation issue	(b) 370,000,000	24,896	–
Exercise of the over-allotment option	(c) 1,770,000	119	–
Shares repurchased	(d) –	–	(101,121)
At 31 December 2022 and 1 January 2023	451,770,000	30,384	(101,121)
Shares repurchased	(e) –	–	(5,876)
At 30 June 2023	<u>451,770,000</u>	<u>30,384</u>	<u>(106,997)</u>

Notes:

- (a) On 12 July 2022, 75,000,000 ordinary shares of par value US\$0.01 each were issued at a price of HK\$5.36 per share in connection with the Company's initial public offering ("**Listing Date**"). The proceeds of US\$750,000 (equivalent to RMB5,047,000) representing the par value, were credited to the Company's share capital. The remaining proceeds of approximately US\$47,466,000 (equivalent to approximately RMB319,399,000) before listing expenses were credited to the share premium account.
- (b) Pursuant to the written resolutions of the shareholders of the Company passed on 27 April 2022 and 22 June 2022, a total of 370,000,000 shares of US\$0.01 each were allotted and issued at par value to the shareholders whose names were on the register of members of the Company as at the date of the passing of the resolutions, on a pro rata basis, and such shares were allotted and issued by way of capitalisation of US\$3,700,000 (approximately RMB24,896,000) from the Company's share premium account on the Listing Date.
- (c) On 4 August 2022, 1,770,000 over-allotment ordinary shares of par value US\$0.01 each were issued at a price of HK\$5.36 per share. The proceeds of US\$17,700 (equivalent to approximately RMB119,000) representing the par value, were credited to the Company's share capital. The remaining proceeds of approximately US\$1,191,000 (equivalent to approximately RMB8,055,000) before listing expenses were credited to the share premium account.
- (d) The Company purchased 20,585,500 of its shares on the Hong Kong Stock Exchange at a total consideration of approximately HK\$112,865,000 (equivalent to approximately RMB101,121,000) for a share award scheme.
- (e) The Company purchased 1,166,000 of its shares on the Hong Kong Stock Exchange at a total consideration of approximately HK\$6,185,000 (equivalent to approximately RMB5,876,000) for a share award scheme.

OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintenance of good corporate governance practices and procedures. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in part 2 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Mr. Wu Yushu currently performs these two roles concurrently. The Board believes that vesting the roles of both the chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group for more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority within the Group will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. The Board will from time to time review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company to ensure appropriate and timely arrangements are in place to meet changing circumstances.

Save for the deviation from code provision C.2.1 of the CG Code as described above, the Company had complied with all applicable code provisions set out in part 2 of the CG Code during the Reporting Period.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions.

The Company's relevant employees, who because of his/her office or employment, are likely to be in possession of inside information of the Company, are also subject to the Model Code. Having made specific enquiries of all the Directors and the relevant employees, they have confirmed that they have complied with the Model Code during the Reporting Period.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

The changes in information of Directors and chief executives during the Reporting Period are set out below:

Mr. Tang Keke has resigned from his position as the chief technology officer of the Company with effect from May 2023 due to his work arrangement and will continue to hold other positions in the Group after such resignation.

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are as follows:

Ms. Wang Danzhou, an independent non-executive Director, ceased to serve as an independent non-executive director of Guangdong Xiaosong Technology Co., Ltd. (formerly known as Kennede Electronics MFG. Co., Ltd), a company listed on the Shenzhen Stock Exchange (stock code: 002723), with effect from June 2023.

Save as disclosed above, since the date of the 2022 annual report of the Company and up to the date of this announcement, there has been no change to the information of the Directors and the chief executives which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

INTERIM DIVIDEND

The Board resolved not to declare the payment of any interim dividend for the six months ended 30 June 2023 (For the six months ended 30 June 2022: nil).

AUDIT COMMITTEE

The Audit Committee, consisting of three independent non-executive Directors, namely, Mr. Wei Bin (Chairman), Ms. Wang Danzhou and Ms. Du Yilin, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023, including the accounting principles and practices adopted by the Group and confirmed that it has complied with all applicable accounting principles, standards and requirements and made full disclosure. The unaudited interim results of the Group were not reviewed by the external auditors of the Company.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares of the Company have been listed on the Main Board of the Stock Exchange since 12 July 2022. The Group received net proceeds (including the partial exercise of the over-allotment option and after deduction of underwriting commissions and related costs and expenses) from the Global Offering of approximately HK\$339.6 million (the “**Net Proceeds**”). The Group has been utilised and will continue to utilise the Net Proceeds as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The intended application of the Net Proceeds as stated in the Prospectus and the actual utilisation of the Net Proceeds from the Listing Date up to the date of this announcement is set out below:

Planned Use of Net Proceeds	Approximate percentage of the Net Proceeds	Actual Allocation of the Net Proceeds <i>(HK\$ million)</i>	Utilised Net Proceeds as at 30 June 2023 <i>(HK\$ million)</i>	Unutilised Net Proceeds as at 30 June 2023 <i>(HK\$ million)</i>	Expected timeline for the use of the unutilised Net Proceeds
Upgrade and enhance SaaS products	50.8%	172.5	12.7	159.8	By 31 December 2025
Conduct further research and development of the Group’s technology and data warehouse	49.2%	167.1	8.1	159.0	By 31 December 2025
Total	100%	339.6	20.8	318.8	

PUBLICATION OF 2023 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of HKEXnews (www.hkexnews.hk) and the Company (ir.sinohealth.cn). The 2023 interim report of the Company will be despatched to the Shareholders and published on the websites of HKEXnews and the Company in due course.

DEFINITIONS

“AI”	artificial intelligence
“AI-MDT”	artificial intelligence multi-disciplinary treatment
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Audit Committee”	the audit committee of the Board
“Big Data Artificial Intelligence Enterprise”	enterprise approved for registration in the database in accordance with the “Notice of the Guangzhou Municipal Industry and Information Technology Bureau on Carrying Out Regular Registration of Big Data/Artificial Intelligence Enterprises in 2021-2022”
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, but for the purpose of this announcement only and except where the context requires otherwise, references in this announcement to “China” or “PRC” do not include Hong Kong, the Macau Special Administrative Region and Taiwan
“CMH”	the cooperation under the CMH Cooperation Agreements
“CMH Cooperation Agreement(s)”	the agreements with retail pharmacies in the PRC in respect of data cooperation arrangements. Under the agreements, retail pharmacies provide retail data on a monthly basis, while the Group provides data insights and reports to the retail pharmacies in return
“Company”	Sinohealth Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands on 4 March 2019 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 7 July 2021
“CPEO”	Pharmaceutical Enterprises Co-operation and Development Organisation, our event held for healthcare industry players
“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong public offering and international offering of the Shares
“GMV”	gross merchandise volume, being the total value of products sold in a given period, which is equal to the selling price per product multiplied by the number of products sold

“Group”	the Company and its subsidiaries
“Headquarter Enterprise”	enterprise with substantial contribution to the economic and social development of Guangzhou as determined in accordance with the Notice of the General Office of the Guangzhou Municipal People’s Government on the Issuance of Several Measures to Promote the Development of Headquarter Economy in Guangzhou
“Healthcare Industry Ecological Platform”	our platform for the events established for healthcare industry players, including CPEO, PHCF, MASC and other small-scale events we organize throughout the year
“High and New Technology Enterprise”	high and new technology enterprise recognised in accordance with the Administrative Measures for the Determination of High and New Tech Enterprises published by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Innovative Small and Medium-sized Enterprise”	enterprise with innovative capability as determined in accordance with the Notice of the Department of Industry and Information Technology of Guangdong Province on Organizing and Carrying Out Assessment of Innovative Small and Medium-sized Enterprises and Identification and Review of Specialised and Innovative Small and Medium-sized Enterprises for 2022
“ISO”	International Organisation for Standardisation
“Listing Date”	12 July 2022, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MASC”	Marketing and Sales Conference, our event held for healthcare industry players
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“PaaS layer”	the secondary development on the PaaS architecture, which realizes the standardized, software-based, modularized and service-oriented operation of the professional analytical capabilities and knowledge spectrum of the healthcare industry through big data management, algorithmic models, artificial intelligence and application development, as well as the provision of generic services such as process engines and authority settings
“Partnering Pharmacies”	retail pharmacies with whom we enter into CMH Cooperation Agreements or SIC Services Agreements
“pharmaceutical retailer”	pharmaceutical retail chain(s) generally comprising ten or more retail stores
“PHCF”	Pharma & Healthcare Conference and Fair, our event held for healthcare industry players
“Prospectus”	the prospectus of the Company dated 28 June 2022 in connection with the Global Offering
“real-world study”	collecting patient-related data in a real-world environment, and through analysis, obtaining clinical evidence of the use value and potential benefits or risks of medical products. The main type of research is observational research, which can also be clinical trials
“Reporting Period”	six months ended 30 June 2023
“RMB”	Renminbi, the lawful currency of China
“SaaS”	software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted

“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Data Exchange”	Shenzhen Data Exchange Co., Ltd. (深圳數據交易所有限公司), a state-owned limited liability company established by the Shenzhen Municipal Party Committee and Municipal Government to firmly implement the spirit of the central government’s document of “Implementation Plan for the Comprehensive Reform Pilot Project of Building an Exemplary Demonstration Zone of Socialism with Chinese Characteristics in Shenzhen (2020-2025)”, and deepen the task of reforming the market-oriented allocation of data elements, with the goal of constructing a national data trading platform.
“SIC”	one of the SaaS products in the Group’s Smart Retail Cloud business segment for pharmaceutical retailers, empowering customers, pharmacy staff, categories and store operations of pharmaceutical retailers through intelligent systems, professional operations and insights into the entire industry chain and market
“SIC Services Agreement(s)”	the agreement(s) with the Group’s SIC user(s) governing (i) the provision of SIC, and (ii) data cooperation arrangement
“Specialised and Innovative Small and Medium-sized Enterprise”	enterprise with specialised, refined, distinctive and innovative capabilities recognised in accordance with the Measures for Selection of Specialised and Innovative Small and Medium-sized Enterprises of the Department of Industry and Information Technology of Guangdong Province
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TB”	trillion bytes, a unit of measurement of computer storage capacity
“Top List of the Most Promising Artificial Intelligence Enterprises in Guangzhou”	the top list of the most promising artificial intelligence enterprises in Guangzhou under the guidance of Guangzhou Science and Technology Bureau and selected by Guangzhou Technology Financial Group
“US\$”	United States dollars, the lawful currency of the United States of America

“Zhongkang Technology”

Guangzhou Zhongkang Digital Technology Co Ltd (廣州中康數字科技有限公司), a company established in the PRC with limited liability on 8 April 2019, which is directly owned as to 100% by Sinohealth Technology Limited, an indirect wholly-owned subsidiary of the Group

“%”

per cent

By order of the Board
Sinohealth Holdings Limited
Wu Yushu
Chairman

Hong Kong, 25 August 2023

As at the date of this announcement, the executive Directors are Mr. Wu Yushu and Ms. Wang Lifang, the non-executive Director is Mr. Fu Haitao, and the independent non-executive Directors are Ms. Wang Danzhou, Ms. Du Yilin and Mr. Wei Bin.