

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



溫州康寧醫院股份有限公司
Wenzhou Kangning Hospital Co., Ltd.

(A joint stock limited liability company)

(Incorporated in the People's Republic of China)

Stock code: 2120

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2025

1 INTRODUCTION

- 1.1 The Board is pleased to announce the Group's unaudited interim results for the Reporting Period, together with comparative figures for the six months ended June 30, 2024.
- 1.2 The financial statements (the “**Financial Statements**”) of the Group for the Reporting Period are prepared in accordance with China Accounting Standards for Business Enterprises.

2 FINANCIAL HIGHLIGHTS

2.1 Principal Financial Data and Indicators

	For the six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	738,562	828,957
Profit before income tax	41,980	61,513
Income tax expenses	15,210	16,516
Net profit	26,769	44,996
Net profit attributable to shareholders of the Company	36,530	50,724
Non-controlling interests	-9,761	-5,727
	As at June 30, 2025	As at December 31, 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Total assets	3,046,387	3,004,953
Total liabilities	1,686,110	1,661,651
Total equity	1,360,277	1,343,302
Equity attributable to shareholders of the Company	1,237,324	1,223,013
Non-controlling interests	122,954	120,289
	For the six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net cash generated from operating activities	198,522	116,536
Net cash used in investing activities	-126,962	-112,711
Net cash generated from financing activities	6,317	-41,660
Net increase in cash and cash equivalents	77,874	-37,934

3 BUSINESS REVIEW AND OUTLOOK

In the first half of 2025, the medical industry is in a period of interweaving between the deepening iteration of the policy system and the upgrading of service demand structure. On the one hand, the reform of medical insurance payment methods continues to advance in depth, the competitive situation in the regional medical market is increasingly intensified, and the industry ecology is accelerating restructuring and differentiation. On the other hand, with the changes in the national population structure and the improvement of health awareness, the social demand for mental health care and elderly medical services is also rising, showing significant characteristics of diversification, quality-oriented and stratification. Facing the complex and changing external environment, the Group has always adhered to the original intention of medical practitioners, focused on the stable operation of the two main businesses of mental health care and elderly medical care, relied on refined management and innovation in service models, consolidated business resilience, and strived to build Kangning's characteristic core competitiveness, aiming to move forward steadily in the wave of industry changes.

In the first half of 2025, the Group recorded a revenue from operation of RMB738.6 million, a decrease of 10.9% compared with the same period last year. Among them, the revenue from operating its owned hospitals reached RMB690.9 million, a decrease of 9.8% compared with the same period last year. During the Reporting Period, the Group achieved a net profit attributable to Shareholders of the Company of RMB36.5 million, a decrease of 28.0% compared with the same period last year. As of June 30, 2025, the number of the Group's owned hospitals increased to 33 (December 31, 2024: 32), including an independently established internet hospital (Yining Psychology Internet Hospital), and the number of operating beds increased to 11,818 (December 31, 2024: 11,508).

Psychiatric Healthcare Business

In April 2025, the state issued the Action Plan for “Year of Pediatric and Mental Health Services” (2025-2027) (《“兒科和精神衛生服務年”行動方案(2025-2027年)》), which clearly put forward key tasks for mental health and mental health services, requiring the strengthening of the construction of the mental health service system, the improvement of the level of primary mental health services, and the formulation of corresponding measures such as the training of psychiatric professionals, various forms of diagnosis and treatment, and the increase of mental health science popularization, further expanding the market space of the Group. In the first half of 2025, the Group had a total of 25 owned hospitals whose main business was psychiatric healthcare services. Despite certain pressure on revenue and profit, the overall business performance was stable. During the Reporting Period, the operation of the Group's owned psychiatric hospitals is as follows:

	For the six months ended June 30,		
	2025	2024	Percentage of Increase (Decrease)
Inpatient			
Number of beds	8,918	8,918	—
Bed utilization rate	88.1%	86.3%	1.8%
Number of inpatient bed-days	1,422,112	1,400,730	1.5%
Average daily total expenditure per inpatient bed (RMB)	304	325	-6.5%
Inpatient service revenue (RMB'000)	431,788	455,421	-5.2%
Outpatient			
Number of outpatient visits	308,444	198,749	55.2%
Average total expenditure per outpatient visit (RMB)	272	438	-37.9%
Outpatient service revenue (RMB'000)	84,013	86,992	-3.4%
Revenue from psychiatric healthcare service business (RMB'000)	515,801	542,413	-4.9%

Elderly Healthcare Business

With the accelerating aging of China's population, the demand of the elderly for medical services such as chronic disease management, post-operative care and rehabilitation treatment has increased significantly. Coupled with the systematic improvement of national health awareness in the post-pandemic era, the total amount of rigid demand continues to rise, the refinement requirements for service content are upgraded, and personalized service demands are prominent, bringing broad market space for the Group in the field of elderly medical care. In the first half of 2025, the Group had a total of 7 owned hospitals whose main business was elderly healthcare services, which were still in a ramp-up stage with stable business development and continuous adjustment of business structure. During the Reporting Period, the operation of the Group's owned elderly hospitals is as follows:

	For the six months ended June 30,		
	2025	2024	Percentage of Increase (Decrease)
Inpatient			
Number of beds	2,900	2,730	6.2%
Bed utilization rate	85.3%	90.9%	-5.6%
Number of inpatient bed-days	425,751	451,667	-5.7%
Average daily total expenditure per inpatient bed (RMB)	460	491	-6.3%
Inpatient service revenue (RMB'000)	195,728	221,781	-11.7%
Outpatient			
Number of outpatient visits	33,327	44,359	-24.9%
Average total expenditure per outpatient visit (RMB)	179	273	-34.4%
Outpatient service revenue (RMB'000)	10,910	20,698	-47.3%
Revenue from elderly healthcare service business (RMB'000)	206,638	242,479	-14.8%

Looking forward, the Group will firmly seize the opportunities presented by the ageing population and the escalating demand for psychiatric health services, conduct in-depth analysis of industry policies and market development trends, and establish a development pattern driven by “psychiatric healthcare service” and “elderly healthcare service”. Meanwhile, the Group will take the medical insurance payment reform as an opportunity to increase its investment in scientific research, promote the iteration of its smart medical platform, strengthen refined operation management, expand patient service scenarios, actively explore synergetic system along upstream and downstream industry chains, and continue to enhance its core competitiveness. In the future, the Group will turn the ecological reshaping momentum of the medical industry into a driving force for sustainable development, so as to lay a solid foundation for its long-term value growth.

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review

The Group recorded a revenue from operation of RMB738.6 million during the Reporting Period (for the six months ended June 30, 2024: RMB829.0 million), representing a decrease of 10.9% compared with the same period of 2024. Among them, revenue from the operation of owned hospitals amounted to RMB690.9 million (for the six months ended June 30, 2024: RMB765.6 million), representing a decrease of 9.8% compared with the same period of 2024. During the Reporting Period, the gross profit margin of the Group’s owned hospitals was 24.2% (for the six months ended June 30, 2024: 27.5%). The overall gross profit of the Group decreased to RMB189.2 million, representing a decrease of 16.3% compared with the same

Revenue and cost of revenue from operating its owned hospitals

Revenue from operating its owned hospitals consists of fees (“**Billing Revenue**”) 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. Meanwhile, there are variable considerations for medical services provided by the Group, including medical insurance settlement differences and estimates of uncollectible portions of patient fees for medical services provided to mainly extremely poor people, those living on the edge of poverty due to illness, and other people with special difficulties as stipulated by people’s governments at or above the county level in accordance with relevant policies. The Group presents the net amount after deducting variable considerations as operating revenue.

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:

	For the six months ended June 30,	
	2025	2024
	(RMB’000)	(RMB’000)
	(Unaudited)	(Unaudited)
Billing Revenue from owned hospitals	722,440	784,892
Including: Revenue from psychiatric healthcare business	515,802	542,413
Revenue from elderly healthcare business	206,638	242,479
Less: Variable considerations	31,537	19,256
 Revenue from operating owned hospitals – net	 690,903	 765,636

During the Reporting Period, the Group’s Billing Revenue from its owned hospitals amounted to RMB722.4 million, representing a decrease of 8.0% compared with the same period of 2024, mainly due to the decrease in income driven by the decrease in average outpatient spending per visit and average inpatient spending per day per bed. During the Reporting Period, variable considerations amounted to RMB31.5 million, representing an increase of RMB12.3 million compared with the same period of 2024. The proportion of variable considerations to Billing Revenue increased to 4.4% (for the six months ended June 30, 2024: 2.5%).

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:

	For the six months ended June 30,	
	2025	2024
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Billing Revenue from psychiatric healthcare business	515,802	542,413
Cost of revenue	351,923	362,789
Gross profit	163,879	179,624
Billing Revenue from elderly healthcare business	206,638	242,479
Cost of revenue	171,970	192,429
Gross profit	34,668	50,050

During the Reporting Period, the Group's Billing Revenue from its owned hospitals amounted to RMB722.4 million, representing a decrease of RMB62.5 million compared with the same period of 2024, mainly due to the decrease in Billing Revenue from Wenzhou Kangning Hospital, Geriatric Hospital, Yongjia Kangning Hospital, Pingyang Changgeng Yining Hospital and Beijing Yining Hospital. During the Reporting Period, the gross profit of the Group's owned hospitals on a Billing Revenue basis decrease by 13.6% compared with the same period of 2024, mainly due to the decrease in average inpatient spending per day per bed.

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

Psychiatric healthcare business

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Inpatients		
Inpatient bed as at period end	8,918	8,918
Effective inpatient service bed-day capacity	1,614,158	1,623,076
Utilization rate (%)	88.1	86.3
Number of inpatient bed-days	1,422,112	1,400,730
Treatment and general healthcare services revenue attributable to inpatients (RMB'000)	387,395	411,795
Average inpatient spending per bed-day on treatment and general healthcare services (RMB)	272	294
Pharmaceutical sales revenue attributable to inpatients (RMB'000)	44,393	43,626
Average inpatient spending per bed-day on pharmaceutical sales (RMB)	31	31
Total inpatient revenue (RMB'000)	431,788	455,421
Total average inpatient spending per bed-day (RMB)	304	325
Outpatients		
Number of outpatient visits	308,444	198,749
Treatment and general healthcare services revenue attributable to outpatients (RMB'000)	21,140	22,953
Average outpatient spending per visit on treatment and general healthcare services (RMB)	69	115
Pharmaceutical sales revenue attributable to outpatients (RMB'000)	62,873	64,039
Average outpatient spending per visit on pharmaceutical sales (RMB)	204	322
Total outpatient revenue (RMB'000)	84,013	86,992
Total average outpatient spending per visit (RMB)	272	438

	For the six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Total treatment and general healthcare services revenue (RMB'000)	<u>408,535</u>	<u>434,748</u>
Total pharmaceutical sales revenue (RMB'000)	<u>107,266</u>	<u>107,665</u>

During the Reporting Period, inpatient Billing Revenue from psychiatric healthcare business amounted to RMB431.8 million, representing a decrease of 5.2% compared with the same period of 2024, mainly due to the decrease of 6.5% in per bed-day spending of psychiatric healthcare business compared with the same period in 2024 as a result of the slowdown in growth of its own hospitals, including Wenzhou Kangning Hospital, Yongjia Kangning Hospital, Taizhou Kangning Hospital, Luqiao Cining Hospital and Huainan Kangning Hospital. The proportion of inpatient Billing Revenue from psychiatric healthcare business to total Billing Revenue from psychiatric healthcare business was 83.7% (for the six months ended June 30, 2024: 84.0%).

During the Reporting Period, outpatient Billing Revenue from psychiatric healthcare business amounted to RMB84.0 million, representing a decrease of 3.4% compared with 2024, mainly due to an increase of 55.2% in outpatient visits while average outpatient spending per visit decreased by 37.9%. The proportion of outpatient Billing Revenue from psychiatric healthcare business to total Billing Revenue from psychiatric healthcare business was 16.3% (for the six months ended June 30, 2024: 16.0%).

During the Reporting Period, due to the decline of both inpatient and outpatient businesses of psychiatric healthcare business, Billing Revenue from treatment and general healthcare services of psychiatric healthcare business decreased by 6.0% compared with the same period of 2024, accounting for 79.2% of total Billing Revenue from psychiatric healthcare business (for the six months ended June 30, 2024: 80.2%); while Billing Revenue from pharmaceutical sales decreased by 0.4% compared with the same period of 2024, accounting for 20.8% of total Billing Revenue from psychiatric healthcare business (for the six months ended June 30, 2024: 19.8%). Among them, the proportion of inpatient pharmaceutical sales Billing Revenue to total inpatient Billing Revenue increased to 10.3% (for the six months ended June 30, 2024: 9.6%), and the proportion of outpatient pharmaceutical sales revenue to total outpatient Billing Revenue increased to 74.8% (for the six months ended June 30, 2024: 73.6%).

Elderly healthcare business

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Inpatients		
Inpatient bed as at period end	2,900	2,730
Effective inpatient service bed-day capacity	499,230	496,860
Utilization rate (%)	85.3	90.9
Number of inpatient bed-days	425,751	451,667
Treatment and general healthcare services revenue attributable to inpatients (RMB'000)	151,629	174,351
Average inpatient spending per visit on treatment and general healthcare services (RMB)	356	386
Pharmaceutical sales revenue attributable to inpatients (RMB'000)	44,099	47,430
Average inpatient spending per bed-day on pharmaceutical sales (RMB)	104	105
Total inpatient revenue (RMB'000)	195,728	221,781
Total average inpatient spending per bed-day (RMB)	460	491
Outpatients		
Number of outpatient visits	33,327	44,359
Treatment and general healthcare services revenue attributable to outpatients		

During the Reporting Period, inpatient Billing Revenue from elderly healthcare business amounted to RMB195.7 million, representing a decrease of 11.7% compared with the same period of 2024, mainly due to the decrease of 5.7% and 6.3% in inpatient bed-days and inpatient spending of elderly healthcare business compared with the same period in 2024 resulted from adjustment of business structure of Geriatric Hospital and Pingyang Changgeng Yining Hospital. The proportion of inpatient Billing Revenue from elderly healthcare business to total Billing Revenue from elderly healthcare business was 94.7% (for the six months ended June 30, 2024: 91.5%).

During the Reporting Period, outpatient Billing Revenue from elderly healthcare business amounted to RMB10.9 million, representing a decrease of 47.3% compared with 2024, mainly due to a decrease of 24.9% in outpatient visits caused by the decline in outpatient business of Pingyang Changgeng Yining Hospital and a decrease of 30.0% in average outpatient spending per visit. The proportion of outpatient Billing Revenue from elderly healthcare business to total Billing Revenue from psychiatric healthcare business was 5.3% (for the six months ended June 30, 2024: 8.5%).

During the Reporting Period, due to the decline of both inpatient and outpatient businesses of elderly healthcare business, Billing Revenue from treatment and general healthcare services of elderly healthcare business decreased by 14.4% compared with the same period of 2024, accounting for 75.8% of total Billing Revenue from elderly healthcare business (for the six months ended June 30, 2024: 75.5%); while Billing Revenue from pharmaceutical sales decreased by 15.9% compared with the same period of 2024, accounting for 24.2% of total Billing Revenue from elderly healthcare business (for the six months ended June 30, 2024: 24.5%). Among them, the proportion of inpatient pharmaceutical sales Billing Revenue to total inpatient Billing Revenue increased to 22.5% (for the six months ended June 30, 2024: 21.4%), and the proportion of outpatient pharmaceutical sales revenue to total outpatient Billing Revenue decreased to 54.5% (for the six months ended June 30, 2024: 58.4%).

The cost of revenue of the Group's owned hospitals mainly includes pharmaceuticals and consumables used, employee benefits and expenses, depreciation of right-of-use assets, depreciation and amortization, canteen expenses and testing fees. The table below sets forth a breakdown of cost of revenue of the Group's owned hospitals for the periods indicated:

	For the six months ended June 30,	
	2025	2024
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Pharmaceuticals and consumables used	149,554	177,398
Employee benefits and expenses	233,447	228,188
Depreciation and amortization of long-term assets	57,175	66,865
Canteen expenses	33,470	33,351
Testing fees	5,413	8,450
Others	44,834	40,966
Cost of revenue of owned hospitals	<u>523,893</u>	<u>555,218</u>

During the Reporting Period, the cost of revenue of the Group's owned hospitals decreased to RMB523.9 million, representing a decrease of 5.6% compared with the same period of 2024. This was mainly due to: (i) a 15.7% decrease in the cost of pharmaceuticals and consumables compared with the same period of 2024; (ii) a 2.3% increase in employee benefits and expenses due to the increase in operating beds of owned hospitals; and (iii) a 14.5% decrease in depreciation and amortization of long-term assets compared with the same period of 2024.

In terms of cost structure, the proportion of pharmaceuticals and consumables used to the cost of revenue of owned hospitals decreased to 28.6% (for the six months ended June 30, 2024: 32.0%), the proportion of employee benefits and expenses to the cost of revenue of owned hospitals increased to 44.6% (for the six months ended June 30, 2024: 41.1%), and the proportion of depreciation and amortization of long-term assets to the cost of revenue of owned hospitals was 10.9% (for the six months ended June 30, 2024: 12.0%).

Revenue from other healthcare related business

The Group's revenue from other healthcare-related business mainly includes revenue from sales of medical devices, revenue from pharmaceutical sales outside hospitals, revenue from social psychological services and revenue from medical information technology business, etc. During the Reporting Period, the Group's revenue from other healthcare-related business amounted to RMB46.8 million, of which revenue from sales of pharmaceuticals and medical devices outside hospitals was RMB28.3 million (for the six months ended June 30, 2024: RMB41.7 million).

Other revenue not related to healthcare business

The Group's other revenue not related to healthcare business mainly includes revenue from property leasing. During the Reporting Period, revenue from property leasing amounted to RMB0.9 million (for the six months ended June 30, 2024: RMB0.3 million).

4.1.2 Gross Profit and Gross Profit Margin

During the Reporting Period, the total gross profit of the Group on an operating revenue basis amounted to RMB189.2 million, representing a decrease of 16.3% compared with the same period of 2024; the gross profit of the owned hospital business on an operating revenue basis amounted to RMB167.0 million, representing a decrease of 20.6% compared with the same period of 2024. The table below sets forth a breakdown of the gross profit margin of different businesses for the periods indicated:

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Owned hospitals businesses	24.2%	27.5%
Psychiatric healthcare business	28.4%	31.2%
Elderly healthcare business	16.4%	19.2%
Other businesses	46.6%	24.9%
Consolidated gross profit margin	25.6%	27.3%

During the Reporting Period, the consolidated gross profit margin of the Group decreased to 25.6% (for the six months ended June 30, 2024: 27.3%), among which the gross profit margin of the owned hospital business decreased by 3.3 percentage points compared with the same period of 2024.

4.1.3 Tax and Surcharge

During the Reporting Period, the taxes and surcharges of the Group amounted to RMB5.1 million (for the six months ended June 30, 2024: RMB6.3 million).

4.1.4 Selling Expenses

During the Reporting Period, the selling expenses of the Group amounted to RMB3.7 million (for the six months ended June 30, 2024: RMB9.2 million). Selling expenses accounted for 0.5% of the Group's revenue from operating owned hospitals (for the six months ended June 30, 2024: 1.2%).

4.1.5 Administrative Expenses

During the Reporting Period, the administrative expenses of the Group mainly include employee benefits and expenses, depreciation and amortization, professional service fees, travel expenses and other expenses. The table below sets forth a breakdown of administrative expenses of the Group for the periods indicated:

	For the six months ended June 30,	
	2025	2024
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Employee benefits and expenses	71,695	64,383
Depreciation and amortization	15,388	13,955
Consultancy expenses	4,666	4,042
Travelling expenses	2,039	2,199
Others	28,032	21,692
Total administrative expenses	121,820	106,271

During the Reporting Period, the administrative expenses of the Group amounted to RMB121.8 million, representing an increase of 14.6% compared with the same period of 2024, mainly due to an increase of 11.4% in employee benefits and expenses compared with the same period of 2024 and a 10.3% increase in depreciation and amortization compared with the same period of 2024. During the Reporting Period, administrative expenses accounted for 17.6% of the Group's revenue from operating owned hospitals (for the six months ended June 30, 2024: 13.9%).

4.1.6 Research and Development Expenses

During the Reporting Period, the research and development expenses of the Group mainly include clinical research, information technology software development and internet hospital platform construction. The table below sets forth a breakdown of research and development expenses of the Group for the periods indicated:

	For the six months ended June 30,	
	2025	2024
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Clinical research	11,923	12,779
Development of informatization software	2,933	4,035
Construction of Internet hospital platform	807	748
Others	—	26
Total	15,663	17,588

During the Reporting Period, the Group's research and development expenses amounted to RMB15.7 million (for the six months ended June 30, 2024: RMB17.6 million), representing a decrease of 10.9% compared with the same period of 2024. Research and development expenses accounted for 2.3% of the Group's revenue from operating owned hospitals (for the six months ended June 30, 2024: 2.3%).

4.1.7 Finance Expenses – Net

Our finance income includes interest income from bank deposits, while finance expenses include borrowing interest expenses, lease liability interest expenses and interest expenses on finance leases. The table below sets forth a breakdown of our financial income and expenses for the periods indicated:

	For the six months ended June 30,	
	2025	2024
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Interest income	-587	-2,686
Foreign exchange losses	2	99
Bank borrowing interest expense	13,723	18,078
Interest expenses on lease liabilities	4,654	5,245
Interest expenses on finance leases	3,682	2,968
Others	533	761
Finance expenses – net	22,007	24,465

During the Reporting Period, the net finance expenses of the Group amounted to RMB22.0 million, representing a decrease of RMB2.5 million compared with the same period of 2024, of which borrowing interest expenses decreased by RMB4.4 million compared with the same period of 2024, mainly due to the reduction in the interest rate on the Group's bank borrowings.

4.1.8 Investment Gains

Our investment income includes share of losses/gains of investments accounted for using the equity method and gains arising from disposal of long-term equity investments and gains from investment in wealth management products. The table below sets forth a breakdown of our investment income for the periods indicated:

	For the six months ended June 30,	
	2025	2024
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Share of investment losses/gains accounted for under the equity method	-1,206	479
Gain on disposal of long-term equity investments	14,906	

4.1.11 Non-Operating Income and Non-Operating Expenses

Our non-operating income mainly includes government grants and donation income, while non-operating expenses mainly include losses on disposal of non-current assets, donation expenses and medical dispute expenses. The table below sets forth a breakdown of our non-operating income and non-operating expenses for the periods indicated:

	For the six months ended June 30,	
	2025	2024
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Government grants	4	129
Donations received	6	47
Other non-operating income	56	327
Non-operating income	66	503
Losses on scrapping of non-current assets	794	292
Donation expenses	734	500
Expenses on medical disputes	549	807
Other non-operating expenses	1,722	1,217
Non-operating expenses	3,799	2,816

During the Reporting Period, the non-operating income of the Group amounted to RMB0.1 million, representing a decrease of RMB0.4 million compared with the same period of last year. During the Reporting Period, the non-operating expenses of the Group increased to RMB3.8 million, mainly due to an increase of RMB0.5 million in losses on scrapping of non-current assets compared with the same period of 2024 and an increase of RMB0.2 million in donation expenses compared with the same period of 2024.

4.1.12 Income Tax Expense

During the Reporting Period, income tax expense decreased to RMB15.2 million (for the six months ended June 30, 2024: RMB16.5 million), representing a decrease of 7.9% compared with the same period of 2024. During the Reporting Period and for the six months ended June 30, 2024, our effective tax rates were 36.2% and 26.9% respectively.

4.2 Financial Position

4.2.1 Inventory

As of June 30, 2025, inventory balance amounted to RMB49.6 million (as of December 31, 2024: RMB50.6 million), mainly including inventory of pharmaceuticals and turnover materials.

4.2.2 Accounts Receivable

As of June 30, 2025, the balance of accounts receivable amounted to RMB419.9 million (as of December 31, 2024: RMB571.8 million), representing a decrease of 26.6% compared with the balance as of December 31, 2024, mainly due to the medical insurance settlement amount of 2024 were recovered during the first half of 2025.

During the Reporting Period, the accounts receivable turnover days of the Group were 122 days (for the six months ended June 30, 2024: 95 days).

4.2.8 Right-of-use Assets

As of June 30, 2025, right-of-use assets increased to RMB193.2 million (as of December 31, 2024: RMB161.8 million).

4.2.9 Intangible Assets

As of June 30, 2025, intangible assets increased to RMB305.0 million (as of December 31, 2024: RMB291.5 million).

4.2.10 Goodwill

As of June 30, 2025, goodwill increased to RMB127.2 million (as of December 31, 2024: RMB114.2 million).

4.2.11 Long-term Prepaid Expenses

As of June 30, 2025, long-term deferred expenses decreased to RMB135.0 million (as of December 31, 2024: RMB150.4 million), mainly due to the new decoration expenses of RMB4.3 million during the Reporting Period and the amortization of decoration costs of RMB19.1 million.

4.2.12 Deferred Tax Assets

As of June 30, 2025, deferred tax assets decreased to RMB52.4 million (as of December 31, 2024: RMB56.2 million).

4.2.13 Accounts Payable

As of June 30, 2025, accounts payable decreased to RMB118.8 million (as of December 31, 2024: RMB131.9 million).

4.2.14 Receipts in Advance

As of June 30, 2025, receipts in advance increased to RMB29.6 million (as of December 31, 2024: RMB21.3 million).

4.2.15 Other Payables

As of June 30, 2025, other payables decreased to RMB72.7 million (as of December 31, 2024: RMB81.3 million), mainly due to the settlement and payment of outstanding project funds for the new construction projects of Quzhou Yining Hospital, Longquan Kangning Hospital and Linhai Cining Hospital.

4.3 Liquidity and Capital Resources

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

	For the six months ended June 30,	
	2025	2024
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	198,522	116,536
Net cash used in investing activities	-126,962	-112,711
Net cash generated from financing activities	6,317	-41,660
Net increase/decrease in cash and cash equivalents	77,874	-37,934

4.3.1 Net Cash Generated from Operating Activities

During the Reporting Period, net cash generated from operating activities amounted to RMB198.5 million, mainly including net profit attributable to the parent company of RMB36.5 million, adjustments of RMB-7.6 million for credit impairment losses and asset impairment losses, and adjustments of RMB74.7 million for depreciation and amortization of various assets. Cash inflow from changes in working capital amounted to RMB88.3 million, mainly due to the decrease in the balance amount of accounts receivable.

4.3.2 Net Cash Used in Investing Activities

During the Reporting Period, net cash used in investing activities amounted to RMB127.0 million, mainly due to the purchase of property, plant and equipment of RMB97.5 million, including infrastructure investments in Longquan Kangning Hospital, Lucheng Yining Hospital and Linhai Cining Hospital.

4.3.3 Net Cash Generated from Financing Activities

During the Reporting Period, net cash inflow generated from financing activities amounted to RMB6.3 million.

4.3.4 Significant Investment, Acquisition and Disposal

The Group had no significant investments, acquisitions or disposals during the six months ended June 30, 2025.

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

4.4 Indebtedness

4.4.1 Bank Borrowings

As of June 30, 2025, the balance of bank borrowings of the Group amounted to RMB1,005.9 million (as of December 31, 2024: RMB946.2 million), mainly due to the repayment of borrowings of RMB179.1 million and an increase in borrowings of RMB238.8 million during the Reporting Period.

4.4.2 Contingent Liabilities

As of June 30, 2025, the Group had no contingent liabilities or guarantees that would have a material impact on the Group's financial position or operations.

4.4.3 Asset Pledge

The Group's Wenzhou Kangning Hospital pledged real estate with property right certificates numbered Wenfangquan Lucheng District No.826751, Wenfangquan Lucheng District No.826750, Zhejiang (2016) Wenzhou Real Estate Right No.0010144, Zhejiang (2016) Wenzhou Real Estate Right No.0010142, Zhejiang (2021) Wenzhou Real Estate Right No.0081628, Wenguoyong (2015) No.1-11836 and Wenguoyong (2015) No.1-11833 to China Minsheng Bank Wenzhou Longwan Sub-branch, and Zhejiang (2017) Cangnan County Real Estate Right No.0018361 to Industrial and Commercial Bank of China Ou Hai Sub-branch to obtain bank loans. As of June 30, 2025, the balance of such pledged loans was RMB413.9 million; Lucheng Yining Hospital pledged real estate with property right certificate numbered Zhejiang (2020) Wenzhou Real Estate Right No.0068897 to Bank of Communications Wenzhou Commercial City Sub-branch. As of June 30, 2025, the balance of such pledged loan was RMB116.0 million; Jinyun Shuning Hospital pledged real estate with property right certificate numbered Zhejiang (2022) Jinyun Real Estate Certificate No.0002503, and buildings and other fixtures with construction permit No.331122202000043 to Zhejiang Jinyun Rural Commercial Bank Wuyun Sub-branch. As of June 30, 2025, the balance of such pledged loan was RMB35.0 million; Quzhou Yining Hospital pledged real estate with property right certificate numbered Zhejiang (2022) Quzhou Real Estate Right No.0045588 to China CITIC Bank Wenzhou Branch. As of June 30, 2025, the balance of such pledged loan was RMB58.0 million and Longquan Kangning Hospital pledged real estate with property right certificate numbered Zhejiang (2023) Longquan Real Estate Right No. 0004112 to China CITIC Bank Wenzhou Branch. As of June 30, 2025, the balance of such pledged loan was RMB39.7 million.

4.4.4 Lease Liabilities

The Group's lease liabilities mainly include operating lease arrangements. As of June 30, 2025, after deducting the amount of RMB33.4 million due within one year, the present value of outstanding lease payments under non-cancellable lease agreements was RMB184.9 million.

4.4.5 Financial Instruments

The Group's financial instruments include 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 that effective measures are taken in a timely manner.

4.4.6 Exposure to Fluctuation in Exchange Rates

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

During the six months ended June 30, 2025, 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.

4.4.7 Gearing Ratio

As of June 30, 2025, the Group's gearing ratio (total liabilities divided by total assets) was 55.3% (as of December 31, 2024: 55.3%).

4.4.8 Employees and Remuneration Policy

As of June 30, 2025, the Group had a total of 4,761 employees (as of December 31, 2024: 4,869 employees). During the Reporting Period, employee remuneration (including salaries and other forms of employee benefits) was approximately RMB323.8 million (for the six months ended June 30, 2024: RMB313.8 million). The average employee remuneration (including social insurance plans and housing provident fund plans borne by the Group) was RMB136.0 thousand per year. Remuneration is determined with reference to the salary levels of the same industry and the qualifications, experience and performance of employees.

4.4.8.1 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 “**Equity Incentive Scheme**”), 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 announcement, a total of 8 participants exited, corresponding to a total of 79,274 incentive shares. As of the date of this announcement, 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 3.3997% of the total issued share capital of the Company as of the date of this announcement, 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 announcement.

4.4.8.2H 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 of Association, 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 announcement, a total of 7 participants exited, corresponding to a total of 75,000 award shares. As of the date of this announcement, 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 1.71% of the total issued share capital of the Company as of the date of this announcement. 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.

5 PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Report Period, the Share Repurchases could have increased net asset value per Share and/or earnings per Share, which was in the interests of the Company and the Shareholders as a whole, the Company repurchased a total of 311,100 Shares for an aggregate consideration of HKD3,514,896.5 (before deduction of expenses) on the Hong Kong Stock Exchange (the “**Repurchased Shares**”). The Company cancelled such Repurchased Shares on June 6, 2025. Details of the Repurchased Shares are as follows:

Repurchase date	Number of Repurchased Shares	Price paid per Share		Total consideration (before deduction of expenses) (HKD)
		Highest (HKD)	Lowest (HKD)	
March 31, 2025	3,000	9.03	9.03	27,090
April 3, 2025	183,500	11.50	11.20	2,067,678
April 7, 2025	124,600	11.50	10.22	1,420,128.5
Total	311,100			3,514,896.5

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including the sale of treasury shares) during the Reporting Period.

As of June 30, 2025, the Group did not hold any treasury shares.

6 EVENTS AFTER THE REPORTING PERIOD

No material post-reporting period events occurred in the Group from the end of the Reporting Period to the date of this announcement.

7 REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed this interim results announcement and the Group’s financial information for the six months ended June 30, 2025, and confirmed that it complies with applicable accounting standards, standards and regulations and makes appropriate disclosures.

The Audit Committee consists of two independent non-executive Directors, Ms. Zhong Wentang (the Chairperson of the Audit Committee) and Ms. Jin Ling, and one non-executive Director, Mr. Li Changhao. Among them, Ms. Zhong Wentang has appropriate professional qualifications (holding the qualification of Certified Public Accountant awarded by the Chinese Institute of Certified Public Accountants).

8 INTERIM DIVIDEND

The Board proposes to declare an interim dividend. Based on the total share capital before the record date (“**Record Date**”) determined by the implementation of the 2025 interim profit distribution plan, a cash dividend of RMB1.8 per 10 Shares (inclusive of tax) will be distributed to all Shareholders of the Company. As of the date of this announcement, the total share capital of the Company is 72,358,900 shares, and assuming there is no change in the total share capital of the Company from the date of this announcement to the Record Date, the total proposed cash dividend is RMB13,024,602 (inclusive of tax), accounting for 35.7% of the net profit attributable to shareholders of the parent company in the consolidated statement for the Reporting Period. The Proposed Interim Dividend will be denominated and declared in RMB, paid in RMB to Domestic Share holders and in HKD to H Share holders. The exchange rate for the Proposed Interim Dividend paid in HKD will be the average benchmark exchange rate of HKD to RMB announced by the People’s Bank of China in the five working days prior to the date of declaration of the Proposed Interim Dividend (i.e., the date of the Company’s extraordinary general meeting). The 2025 interim profit distribution plan is subject to approval at the Company’s extraordinary general meeting before implementation.

For the purpose of ascertaining Shareholders who qualify for the Proposed Interim Dividend, the register of members for H Shares will be closed from October 21, 2025 to October 26, 2025 (both days inclusive). Subject to the approval of the Proposed Interim Dividend by shareholders at the upcoming extraordinary general meeting, the Proposed Interim Dividend is expected to be paid on or about November 21, 2025 to the Shareholders whose names appear on the register of members on the Record Date (October 26, 2025). In order to qualify for the Proposed Interim Dividend, the H Shareholders shall lodge their share certificates accompanied by the transfer documents with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on October 20, 2025 for registration.

In accordance with the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) and its implementation regulations which came into effect on January 1, 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the register of members for H Shares when distributing the cash dividends. Any H Shares not registered under the name of an individual Shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organizations or groups, shall be deemed as Shares held by non-resident enterprise Shareholders. Therefore, enterprise income tax shall be withheld from dividends payable to such Shareholders. If holders of H Shares intend to change its Shareholder status, please enquire about the relevant procedures with the agents or trustees. The Company will strictly comply with the law or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant Shareholders based on the register of members for H Shares as of the Record Date.

If the individual holders of H Shares are Hong Kong or Macau residents or residents of the countries which had an agreed tax rate of 10% for the cash dividends paid to them with the PRC under the relevant tax agreements, the Company should withhold and pay individual income tax on behalf of the relevant Shareholders at a rate of 10%. Should the individual holders of H Shares be residents of the countries which had an agreed tax rate of less than 10% with the PRC under the relevant tax agreement, the Company shall withhold and pay individual income tax on behalf of the relevant Shareholders at a rate of 10%. In this case, if the relevant individual holders of H Shares wish to reclaim the extra amount withheld due to the application of 10% tax rate, the Company can apply for it on behalf of the holders according to the relevant agreed preferential tax treatment. The relevant Shareholders shall submit the evidence required by the notice of the tax agreement to Computershare Hong Kong Investor Services Limited. The Company will assist with the tax refund after the approval of the competent tax authority. Should the individual holders of H Shares be residents of the countries which had an agreed tax rate of over 10% but less than 20% with the PRC under the tax agreement, the Company shall withhold and pay the individual income tax on behalf of the holders at the agreed actual rate in accordance with the relevant tax agreement. In the case that the individual holders of H Shares are residents of the countries which had an agreed tax rate of 20% with the PRC under the tax agreement, or which has not entered into any tax agreement with the PRC, or otherwise, the Company shall withhold and pay the individual income tax on behalf of the holders at a rate of 20%.

9 COMPLIANCE WITH CG CODE

During the Reporting Period and up to the date of this announcement, the Company has complied with all code provisions in the CG Code.

10 ACCOUNTING STANDARDS

The Company has been applying the China Accounting Standards for Business Enterprises since the financial year of 2017, and has complied with the disclosure requirements required in the new Companies Ordinance (《公司條例》) (Chapter 622 of the laws of Hong Kong) (the “**Companies Ordinance**”).

Items	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
II. Total cost of sales	717,628,929	766,642,938
Including: Cost of sales	549,334,194	602,800,461
Interest expenses	—	—
Fees and commissions expenses	—	—
Surrenders	—	—
Net claims expenses	—	—
Net provisions for insurance Contracts reserve	—	—
Insurance policy dividend paid	—	—
Reinsurance costs	—	—
Taxes and surcharges	5,117,058	6,268,299
Selling and distribution expenses	3,688,280	9,249,266
General and administrative expenses	121,819,658	106,271,384
Research and development expenses	15,662,923	17,588,076
Financial expenses	22,006,815	24,465,451
Including: Interest expenses	18,377,254	23,323,467
Interest income	587,377	2,686,209
Add: Other income	11,601,815	5,588,263
Investment income (losses represented with “-” signs)	3,823,269	1,680,200
Including: Investment income from associates and joint ventures	-1,206,158	478,828
Derecognition income of financial assets measured at the amortized cost	—	—
Foreign exchange gains (losses represented with “-” signs)	—	—
Gains from net exposure hedges (losses represented with “-” signs)	—	—
Gains from changes in fair value (losses represented with “-” signs)	477,844	-98,523
Credit impairment losses (losses represented with “-” signs)	7,616,882	-5,584,264
Asset impairment losses (losses represented with “-” signs)	—	—
Gains from disposal of assets (losses represented with “-” signs)	1,250,151	-74,985

Items	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
III. Operating profit (losses represented with “-” signs)	45,711,657	63,825,306
Add: Non-operating income	66,457	503,490
Less: Non-operating expenses	3,798,544	2,816,220
	<u>41,979,570</u>	<u>61,512,576</u>
IV. Total profit (losses represented with “-” signs)	41,979,570	61,512,576
Less: Income tax expenses	15,210,452	16,516,143
	<u>26,769,118</u>	<u>44,996,433</u>
V. Net profit (net losses represented with “-” signs)	26,769,118	44,996,433
(I) Classified by continuity of operations		
1. Classified by continuity of operations (losses represented with “-” signs)	26,769,118	44,996,433
2. Net profit from discontinued operations (losses represented with “-” signs)	—	—
(II) Classified by ownership of the equity		
1. Net profit attributable to shareholders of the parent company (losses represented with “-” signs)	36,530,360	50,723,744
2. Non-controlling interests (losses represented with “-” signs)	-9,761,241	-5,727,311
VI. Other comprehensive income, net of tax		
Other comprehensive income attributable to shareholders of the parent company, net of tax		
(I) Other comprehensive income that cannot be reclassified to profit and loss		
1. Changes arising from remeasurement of defined benefit plan	—	—
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method	—	—
3. Changes in fair value of other equity instrument investments	—	—
4. Changes in fair value due to the enterprise’s own credit risk	—	—

Items	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
(II) Other comprehensive income that can be reclassified to profit and loss		
1. Other comprehensive income that can be reclassified to profit or loss under the equity method	—	—
2. Changes in fair value of other debt investments	—	—
3. Amount of financial assets reclassified Into other comprehensive income	—	—
4. Credit impairment provisions for other debt investments	—	—
5. Reserves for cash flow hedges	—	—
6. Exchange difference on translation of financial statements in foreign currencies	—	—
7. Others	—	—
Other comprehensive income attributable to non-controlling interests, net of tax	—	—
VII.Total comprehensive income	26,769,118	44,996,433
Attributable to shareholders of the parent company	36,530,360	50,723,744
Attributable to non-controlling interests	-9,761,241	-5,727,311
VIII.Earnings per share:		
(I) Basic (RMB per share)	0.50	0.68
(II) Diluted (RMB per share)	0.50	0.68

11.2.2 Interim Consolidated Balance Sheets

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Current assets:		
Cash at bank and on hand	340,232,500	261,749,011
Settlement deposits	–	–
Placements with banks and other financial institutions	–	–
Financial assets held for trading	21,325,265	7,938,322
Derivative financial assets	–	–
Notes receivable	–	663,799
Accounts receivable	419,912,658	571,812,957
Receivables financing	–	–
Advances to suppliers	27,461,467	14,713,963
Premium receivable	–	–
Reinsurance accounts receivable	–	–
Provision for reinsurance contract receivable	–	–
Other receivables	99,269,639	81,354,942
Financial assets purchased for resale	–	–
Inventories	49,637,663	50,629,131
Contract assets	–	–
Assets held for sale	–	–
Non-current assets due within one year	–	–
Other current assets	9,881,286	5,859,354
Total current assets	967,720,479	994,721,479

ASSETS	June 30, 2025 <i>(Unaudited)</i>	December 31, 2024 <i>(Audited)</i>
Non-current assets:		

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Current liabilities:		
Short-term borrowings	105,720,000	91,000,000
Borrowings from central bank	—	—
Placements from banks and other financial institutions	—	—
Financial liabilities held for trading	—	14,000,000
Derivative financial liabilities	—	—
Notes payable	1,522,204	—
Accounts payable	118,842,628	131,936,380
Receipts in advance	29,594,023	21,319,198
Contract liabilities	1,812,825	49,771
Financial assets sold under repurchase agreements	—	—
Receipt of deposits and deposits from other banks	—	—
Funds received as agent of stock exchange	—	—
Funds received as stock underwriter	—	—
Employee benefits payable	66,734,813	85,747,297
Taxes payable	21,253,502	39,128,084
Other payables	72,746,940	81,287,433
Fees and commissions payable	—	—
Reinsurance accounts payable	—	—
Liabilities held for sale	—	—
Non-current liabilities due within one year	288,868,213	229,270,444
Other current liabilities	218,774	615,218
Total current liabilities	707,313,922	694,353,825

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Non-current liabilities:		
Provision for insurance contracts	–	–
Long-term borrowings	678,248,077	691,017,337
Bonds payable	–	–
Including: Preferred shares	–	–
Perpetual bonds Lease liabilities	–	–
Lease liabilities	184,944,626	151,300,063
Long-term payables	70,878,076	76,236,879
Long-term employee benefits payables	–	–
Estimated liabilities	–	–
Deferred income	8,278,411	8,430,307
Deferred tax liabilities	36,447,159	40,313,059
Other non-current liabilities	–	–
Total non-current liabilities	978,796,349	967,297,645
Total liabilities	1,686,110,271	1,661,651,470
Shareholders' equity:		
Share capital	72,358,900	72,670,000
Other equity instruments	–	–
Including: Preferred shares	–	–
Perpetual bonds	–	–
Capital surplus	789,916,782	790,024,238
Less: Treasury stock	22,366,849	22,366,849
Other comprehensive income	–	–
Special reserves	–	–
Surplus reserve	38,399,577	38,399,577
Provision for general risks	–	–
Retained earnings	359,015,188	344,285,828
Total equity attributable to shareholders of the parent company	1,237,323,598	1,223,012,795
Non-controlling interests	122,953,611	120,288,896
Total shareholders' equity	1,360,277,209	1,343,301,691
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,046,387,480	3,004,953,161

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

Items	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	906,586,410	774,736,898
Net increase in customer deposits and interbank deposits	—	—
Net increase in borrowings from central bank	—	—
Net increase in placements from other financial institutions	—	—
Cash received from original insurance contract premium	—	—
Net cash received from reinsurance business	—	—
Net increase in deposits and investments from policyholders	—	—
Cash received from interests, fees and commissions	—	—
Net increase in placements from banks and other financial institutions	—	—
Net increase in cash from repurchase business	—	—
Net cash received from securities brokerage services	—	—
Refund of taxes and levies	—	—
Cash received relating to other operating activities	53,351,835	40,064,568
Sub-total of cash inflows of operating activities	959,938,245	814,801,466
Cash paid for goods and services	278,457,055	264,247,149
Net increase in customer loans and advances	—	—
Net increase in deposits with central bank and other banks	—	—
Cash paid for compensation under original insurance contract	—	—
Net increase in placements with banks and other financial institutions	—	—
Cash paid for interests, fees and commissions	—	—
Cash paid for policyholders' dividends	—	—
Cash paid to and on behalf of employees	342,221,800	329,971,886
Payments of taxes and surcharges	44,199,368	40,687,506
Cash paid relating to other operating activities	96,538,404	63,358,941
Sub-total of cash outflows of operating activities	761,416,627	698,265,482
Net cash flows from operating activities	198,521,618	116,535,984

Items	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
II. Cash flows from investing activities		
Cash received from disposal of investments	7,870,000	—
Cash received from returns on investments	5,699	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	263,925	644,865
Net cash received from disposal of subsidiaries and other business units	—	432,733
Cash received relating to other investing activities	—	—
Sub-total of cash inflows of investing activities	8,139,624	1,077,599
Cash paid to acquire fixed assets, intangible assets and other long-term assets	97,487,136	111,001,023
Cash paid to acquire investments	7,199,999	2,000,000
Net increase in pledged loans	—	—
Net cash paid to acquire subsidiaries. and other business units	17,316,274	—
Cash paid relating to other investing activities	13,098,603	787,500
Sub-total of cash outflows of investing activities	135,102,012	113,788,523
Net cash flows from investing activities	-126,962,388	-112,710,924
III. Cash flows from financing activities		
Cash received from capital contributions	6,000,000	5,210,500
Including: Cash received from capital contributions by non-controlling shareholders of subsidiaries	6,000,000	5,210,500
Cash received from borrowings	238,829,339	362,766,250
Cash received relating to other financing activities	19,541,873	22,800,000
Sub-total of cash inflows of financing activities	264,371,212	390,776,750
Cash repayments of borrowings	179,128,599	304,772,127
Cash payments for distribution of dividends, profit or interest expenses	17,913,126	43,748,490
Including: Cash payments for distribution of dividends and profit by subsidiaries to non-controlling shareholders	1,114,000	1,145,517
Cash paid relating to other financing activities	61,012,339	83,915,998
Sub-total of cash outflows of financing activities	258,054,064	432,436,615
Net cash flows from financing activities	6,317,148	-41,659,865

Items	For the six months ended June 30,	
	2025 <i>(Unaudited)</i>	2024 <i>(Unaudited)</i>
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-2,487	-99,245
V. Net increase in cash and cash equivalents	77,873,892	-37,934,050
Add: Cash and cash equivalents at the beginning of the period	255,232,744	404,723,339
VI. Cash and cash equivalents at the end of the period	333,106,636	366,789,289

11.2.4 Consolidated Statement of Changes in Shareholders' Equity

(All amounts in RMB Yuan unless otherwise stated)

Items	Amount for the current period													
	Equity attributable to owners of the parent company										Subtotal	Non-controlling interests	Total owners' equity	
Other equity instruments	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk				Retained earnings
I. Balance as at the end of the previous year	72,670,000				790,024,238	22,366,849			38,399,577		344,285,828	1,223,012,795	120,288,896	1,343,301,691
Plus: Changes in accounting policies												-		-
Correction of accounting errors in prior periods												-		-
Business combinations under common control												-		-
Others												-		-
II. Balance as at the beginning of the current year	72,670,000	-	-	-	790,024,238	22,366,849	-	-	38,399,577	-	344,285,828	1,223,012,794	120,288,896	1,343,301,690
Increases/decreases in the current period ("+" for increases)	-311,100				-107,456		-	-		-	14,729,360	14,310,804	2,664,715	16,975,519
(I) Total comprehensive income											36,530,360	36,530,360	-9,761,241	26,769,119
(II) Owner contribution and capital Decrease	-311,100	-	-	-	-107,456	-	-	-	-	-	-	-418,556	12,425,956	12,007,400
1. Common stock contributed by owners	-311,100				-2,939,299							-3,250,399	12,425,956	9,175,557
2. Capital invested by holders of other equity instruments												-		-
3. Amounts of share-based payments recognized in owners' equity														
4. Others					2,831,843							2,831,843		2,831,843
(III) Distribution of profits	-	-	-	-	-	-	-	-	-	-	-21,801,000	-21,801,000	-	-21,801,000
1. Withdrawal of surplus reserves												-		-
2. Withdrawal of provision for general risk												-		-
3. Profit distributed to owners (or shareholders)											-21,801,000	-21,801,000		-21,801,000
4. Others												-		-

Items	Amount for the current period											
	Equity attributable to owners of the parent company										Non-controlling interests	Total owners' equity
	Other equity instruments			Less:				Provision for general risk	Retained earnings	Subtotal		
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Treasury stock	Other comprehensive income	Special reserve	Surplus reserve			
(IV) Internal carry-forward of owners' equity												
1. Conversion of capital reserves into paid-in capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-
2. Conversion of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserves offsetting losses												
4. Carry-forward of changes in the defined benefit plan for retained earnings												
5. Carry-forward of other comprehensive income for retained earnings												
6. Others												
(V) Special reserves												
1. Withdrawal for the period												
2. Usage for the period												
(VI) Others												
IV. Balance as at the end of the period	72,358,900				789,916,782	22,366,849	-	-	38,399,577	-	122,953,611	1,360,277,209

Items	Amount for the previous period													
	Other equity instruments					Equity attributable to owners of the parent company								
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Subtotal	Non-controlling interests	Total owners' equity
I. Balance as at the end of the previous year	74,600,300				852,695,602	12,587,012			38,399,577		311,956,229	1,265,064,696	143,141,251	1,408,205,947
Plus: Changes in accounting policies												-		
Correction of accounting errors in prior periods												-		
Business combinations under common control												-		
Others												-		
II. Balance as at the beginning of the current year	74,600,300	-	-	-	852,695,602	12,587,012	-	-	38,399,577	-	311,956,229	1,265,064,696	143,141,251	1,408,205,947
Increases/decreases in the current period ("—" for decreases)														
(I) Total comprehensive income	-				-11,942,120	-9,440,179	-	-	-	-	28,343,654	25,841,713	-7,585,804	18,255,909
(II) Owner contribution and capital decrease	-	-	-	-	-8,566,709	-9,440,179	-	-	-	-	50,723,744	50,723,744	-5,727,311	44,996,433
1. Common stock contributed by owners											-	873,470	1,033,024	1,906,494
2. Capital invested by holders of other equity instruments					-9,334,383	-9,440,179						105,796	1,033,024	1,138,820
3. Amounts of share-based payments recognized in owners' equity												-		-
4. Others					767,674							767,674		767,674
(III) Distribution of profits														
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-22,380,090	-22,380,090	-2,891,517	-25,271,607
2. Withdrawal of provision for general risk												-		-
3. Profit distributed to owners (or shareholders)											-22,380,090	-22,380,090	-2,891,517	-25,271,607
4. Others												-		-

Items	Amount for the previous period									
	Equity attributable to owners of the parent company					Other equity instruments				
	Less:	Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Subtotal	Non-controlling interests	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 earnings	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-
(V) Special reserves										
1. Withdrawal for the period	-	-	-	-	-	-	-	-	-	-
2. Usage for the period	-	-	-	-	-	-	-	-	-	-
(VI) Others										
IV. Balance as at the end of the period	74,600,300	-3,375,411	-	-	38,399,577	-	340,299,883	1,290,906,409	135,555,448	1,426,461,856
		840,753,481	3,146,833	-	-	-	-	-3,375,411	-	-3,375,411

11.3 Notes to the Consolidated Interim Financial Information prepared in accordance with the China Accounting Standard for Business Enterprises
(All amounts in RMB Yuan unless otherwise stated)

11.3.1 Accounts receivable

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

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Within 1 year	421,328,650	576,106,514
1-2 years	14,920,001	20,258,896
2-3 years	8,630,742	4,413,822
Over 3 years	6,457,744	4,766,339
Subtotal	451,337,137	605,545,571
Less: Provision for bad debts	31,424,479	33,732,614
Total	419,912,658	571,812,957

Accounts receivable shown by classification of bad debt provisions

	June 30, 2025 (Unaudited)			
	Balance of carrying amount	Proportion	Provision for bad debts	
	Amount	(%)	Amount	Percent of provision (%)
				Book value
Accounts receivable with provision for bad debts on the individual basis	14,298,993	3.2	10,202,248	71.4
Including:				
Amount due from patients	14,298,993	3.2	10,202,248	71.4
Accounts receivable with provision for bad debts on the grouping basis	437,038,144	96.8	21,222,231	4.9
Including:				
Overdue days grouping	437,038,144	96.8	21,222,231	4.9
Total	451,337,137	100	31,424,479	419,912,658

	December 31, 2024 (Audited)				
	Balance of carrying amount		Provisions for bad debt		value
	Amount	Proportion (%)	Amount	Percent of provision (%)	
Accounts receivable with provision for bad debts on the individual basis	12,375,106	2.0	12,337,791	99.7	37,315
Including:					
Amount due from patients	12,375,106	2.0	12,337,791	99.7	37,315
Accounts receivable with provision for bad debts on the grouping basis	593,170,465	98.0	21,394,823	3.6	571,775,642
Including:					
Overdue days grouping	<u>593,170,465</u>	<u>98.0</u>	<u>21,394,823</u>	<u>3.6</u>	<u>571,775,642</u>
Total	<u><u>605,545,571</u></u>	<u><u>100.0</u></u>	<u><u>33,732,614</u></u>		<u><u>571,812,957</u></u>

11.3.2 Accounts payable

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

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Within one year	107,175,017	127,861,415
One to two years	10,050,288	3,124,362
Two year to three years	1,133,186	751,142
Above three years	<u>484,137</u>	<u>199,461</u>
Total	<u><u>118,842,628</u></u>	<u><u>131,936,380</u></u>

11.3.3 Revenue and cost of sales

Analysis of revenue and cost of sales

	For the six months ended June 30,			
	2025 (Unaudited)		2024 (Unaudited)	
	Revenue	Cost	Revenue	Cost
Main businesses	690,902,820	523,893,300	765,636,198	555,217,793
Other businesses	47,658,805	25,440,894	63,321,356	47,582,668
Total	738,561,625	549,334,194	828,957,554	602,800,461

Breakdown of revenue:

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Revenue from main businesses	690,902,820	765,636,198
Including: Pharmaceutical sales	157,326,592	167,185,935
Treatments and general healthcare services	533,576,228	598,450,263
Revenue from other businesses	47,658,805	63,321,356
Including: Wholesale and retail revenue of pharmaceutical and equipment	28,287,518	41,715,643
Management service	1,485,149	1,485,148
Rental income	906,059	297,620
Others	16,980,080	19,822,944
Total	738,561,625	828,957,554

11.3.4 Credit impairment losses

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Losses on bad debts of accounts receivable	161,795	-462,549
Losses on bad debts of other receivables	-7,778,677	6,046,813
Total	-7,616,882	5,584,264

11.3.5 Earning per Share

Basic earning per Share

	For the six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Consolidated net profit attributable to the ordinary Shareholders of the parent company	36,530,360	50,723,744
Weighted average number of outstanding ordinary Shares of the Company	72,618,150	74,600,300
Basic earning per Share	0.50	0.68
Including: Basic earning per Share from continuing operations	0.50	0.68
Basic earning per Share from discontinued operations	—	—

Diluted earning per Share

Diluted earning per Share is calculated by the consolidated net profit attributable to the ordinary Shareholders of the parent company (diluted) divided by the weighted average number of outstanding ordinary Shares of the Company (diluted):

	For the six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Consolidated net profit attributable to the ordinary Shareholders of the parent company (diluted)	36,530,360	50,723,744
Weighted average number of outstanding ordinary Shares of the Company (diluted)	72,618,150	74,600,300
Diluted earning per Share	0.50	0.68
Including: Diluted earning per Share from continuing operations	0.50	0.68
Diluted earning per Share from discontinued operations	—	—

11.3.6 Income tax expenses

Table of income tax expenses

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Current income tax expenses	13,016,683	19,082,552
Deferred income tax expenses	2,193,769	-2,566,409
Total	15,210,452	16,516,143

Reconciliation between total profit and income tax expenses

	For the six months ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)
Total profit	41,979,570	61,512,577
Income tax expenses calculated at the statutory tax rates	10,444,307	12,647,014
Impact of different tax rates applicable to subsidiaries	-43,611	474,180
Adjustment to impact of income tax of past periods	355,100	-769,493
Impact of non-taxable income	—	—
Impact of non-deductible costs, expenses and losses	729,658	817,638
Impact of deductible losses of the deferred income tax assets unrecognized in the previous period	-7,934,940	-4,610,218
Impact of deductible temporary differences or deductible losses for which deferred income tax assets are not recognized in the current period	13,628,752	9,615,740
Additional deduction of research and development expenses	-2,338,334	-3,065,849
Impact of business combination involving enterprise not under common control	136,618	1,560,541
Others	232,902	-153,410
Income tax expenses	15,210,452	16,516,143

11.3.7 Dividend

On August 12, 2025, the Board proposed to distribute an interim dividend of RMB1.8 per 10 Shares (inclusive of tax) with an aggregate amount of RMB13,024,602 (inclusive of tax) (assuming there is no change in the total share capital of the Company from the date of this announcement to the Record Date) to all Shareholders of the Company for the six months ended June 30, 2025, based on the total share capital as of the record date determined by the implementation of the 2025 interim profit distribution plan (as of the date of this announcement, the total share capital of the Company is 72,358,900 Shares). The proposed dividend is subject to approval at the extraordinary general meeting.

On March 28, 2025, the Board proposed to distribute a final dividend of RMB3 per 10 shares (inclusive of tax) with an aggregate amount of RMB21,801,000 (inclusive of tax) to all Shareholders of the Company for the year ended December 31, 2024, based on 72,670,000 shares issued by the Company as of December 31, 2024. The proposed dividend was approved at the 2024 Annual General Meeting of the Company held on June 30, 2025.

On August 28, 2024, the Board proposed to distribute an interim dividend of RMB1.50 per 10 shares (inclusive of tax) with an aggregate amount of RMB10,900,500 (inclusive of tax) to all Shareholders of the Company for the six months ended June 30, 2024, based on 72,670,000 shares in total as of the record date determined by the implementation of the 2024 interim profit distribution plan. The proposed dividend was approved at the 2024 First Extraordinary General Meeting of the Company held on October 14, 2024.

12 DEFINITIONS

“Audit Committee”	the audit committee of the Board
“Beijing Yining Hospital”	Beijing Yining Hospital Co., Ltd. (北京怡寧醫院有限公司), a company established in the PRC with limited liability on August 17, 2015, one of the Company’s indirect non-wholly owned subsidiaries
“Board”	the board of directors of the Company
“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 Stock Exchange of Hong Kong Limited (Stock Code: 2120)
“CG Code”	the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules
“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
“EGM”	the extraordinary general meeting of the Company to be convened and held in due time
“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

“H Share(s)”	overseas listed foreign invested ordinary Share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of The Stock Exchange of Hong Kong Limited
“HK\$” or “HKD”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time
“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
“Longquan Kangning Hospital”	Longquan Kangning Hospital Co., Ltd. (龍泉康寧醫院有限公司), a company established in the PRC with limited liability on February 6, 2023, one of the Company’s indirect 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
“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
“Pingyang Changgeng Yining Hospital”	Pingyang Changgeng Yining Hospital Co., Ltd. (平陽長庚怡寧醫院有限公司), a company established in the PRC with limited liability on January 14, 2021, one of the Company’s wholly owned subsidiaries

“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Interim Dividend”	the proposed interim dividend distribution plan of RMB1.8 (tax-inclusive) per 10 Shares for the six months ended June 30, 2025 subject to the approval by the Shareholders at the EGM as described under the section headed “INTERIM DIVIDEND” of this announcement
“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 six months ended June 30, 2025
“RMB”	the lawful currency of the PRC
“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)
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“treasury shares”	has the meaning ascribed thereto in the Hong Kong Listing Rules
“Yining Psychology Internet Hospital”	Yining Psychology Internet Hospital (Wenzhou) Co., Ltd. (怡寧心理互聯網醫院(溫州)有限公司), a company established in the PRC with limited liability on March 10, 2020, one of the Company’s indirect wholly owned subsidiaries

“Yongjia Kangning Hospital” Yongjia Kangning Hospital Co., Ltd. (永嘉康寧醫院有限公司), a company established in the PRC with limited liability on December 12, 2012, one of the Company’s wholly owned subsidiaries

“%” percentage ratio

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

Zhejiang, the PRC
August 12, 2025

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