



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

2025 INTERIM REPORT



Contents

	Page
CORPORATE INFORMATION	2
FINANCIAL HIGHLIGHTS	4
MANAGEMENT DISCUSSION AND ANALYSIS	5
CORPORATE GOVERNANCE AND OTHER INFORMATION	33
CONSOLIDATED BALANCE SHEETS	44
PARENT COMPANY BALANCE SHEETS	49
CONSOLIDATED INCOME STATEMENT	53
PARENT COMPANY INCOME STATEMENT	56
CONSOLIDATED CASH FLOW STATEMENT	58
PARENT COMPANY CASH FLOW STATEMENT	61
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	63
PARENT COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	65
NOTES TO THE FINANCIAL STATEMENTS	67
DEFINITIONS	164



Corporate Information

Board of Directors

Executive Directors

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

Non-executive Directors

Mr. QIN Hao
Mr. LI Changhao

Independent Non-executive Directors

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

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Strategy and Risk Management Committee

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

Supervisory Committee

Mr. XU Ning (*Chairman*)
Mr. XU Yongjiu
Mr. FANG Wei (*appointed on June 30, 2025*)
Mr. XIE Tiefan
Mr. QIAN Chengliang
Ms. ZHANG Yue (*resigned on May 22, 2025*)

Joint Company Secretaries

Mr. WANG Jian
Mr. WONG Wai Chiu

Authorized Representatives

Mr. GUAN Weili
Mr. WONG Wai Chiu

Auditor

BDO China Shu Lun Pan Certified Public Accountants LLP

Legal Advisor as to Hong Kong Laws

Clifford Chance

Registered Office and Head Office in the PRC

Shengjin Road
Huanglong Residential District
Wenzhou, Zhejiang
PRC

Corporate Information

Principal Place of Business in Hong Kong

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

H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Stock Code

2120

Company's Website

www.knhosp.cn

Investor Relations

Telephone: (86) 577 8877 1689
Fax: (86) 577 8878 9117
Email: ir@knhosp.cn

Financial Highlights

Principal Financial Data and Indicators

	For the six months ended June 30,	
	2025	2024
	(RMB' 000)	(RMB'000)
	(Unaudited)	(Unaudited)
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
Profit or loss attributable to non-controlling interests	-9,761	-5,727

	As at	As at
	June 30, 2025	December 31, 2024
	(RMB' 000)	(RMB'000)
	(Unaudited)	(Audited)
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
	(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 in cash and cash equivalents	77,874	-37,934

Management Discussion and Analysis

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).

Management Discussion and Analysis

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%

Management Discussion and Analysis

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,		Percentage of Increase (Decrease)
	2025	2024	
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.

Management Discussion and Analysis

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 period of 2024. During the Reporting Period, net profit attributable to Shareholders of the Company amounted to RMB36.5 million, representing a decrease of 28.0% compared with the same period of 2024. During the Reporting Period, the net cash generated from operating activities of the Group amounted to RMB198.5 million (for the six months ended June 30, 2024: RMB116.5 million), representing an increase of 70.4% compared with the same period of 2024.

Revenue and Cost of Revenue

The Group generates revenue mainly through the following three ways: (i) revenue from operating its owned hospitals; (ii) revenue from other healthcare-related business; and (iii) other revenue not related to healthcare business.

The table below sets forth a breakdown of total revenue for the periods indicated:

	For the six months ended June 30,	
	2025	2024
	(RMB' 000)	(RMB'000)
	(Unaudited)	(Unaudited)
Revenue from operating owned hospitals	690,903	765,636
Including: Revenue from psychiatric healthcare business	489,760	527,518
Revenue from elderly healthcare business	201,143	238,118
Revenue from other healthcare related business	46,753	63,023
Other revenue not related to healthcare business	906	298
Total revenue	738,562	828,957

Management Discussion and Analysis

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) (Unaudited)	(RMB' 000) (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%).

Management Discussion and Analysis

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 (RMB'000) (Unaudited)	2024 (RMB'000) (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 decreased by 13.6% compared with the same period of 2024, mainly due to the decrease in average inpatient spending per day per bed.

Management Discussion and Analysis

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 (<i>RMB'000</i>)	387,395	411,795
Average inpatient spending per bed-day on treatment and general healthcare services (<i>RMB</i>)	272	294
Pharmaceutical sales revenue attributable to inpatients (<i>RMB'000</i>)	44,393	43,626
Average inpatient spending per bed-day on pharmaceutical sales (<i>RMB</i>)	31	31
Total inpatient revenue (<i>RMB'000</i>)	431,788	455,421
Total average inpatient spending per bed-day (<i>RMB</i>)	304	325
Outpatients		
Number of outpatient visits	308,444	198,749
Treatment and general healthcare services revenue attributable to outpatients (<i>RMB'000</i>)	21,140	22,953
Average outpatient spending per visit on treatment and general healthcare services (<i>RMB</i>)	69	115
Pharmaceutical sales revenue attributable to outpatients (<i>RMB'000</i>)	62,873	64,039
Average outpatient spending per visit on pharmaceutical sales (<i>RMB</i>)	204	322
Total outpatient revenue (<i>RMB'000</i>)	84,013	86,992
Total average outpatient spending per visit (<i>RMB</i>)	272	438
Total treatment and general healthcare services revenue (<i>RMB'000</i>)	408,535	434,748
Total pharmaceutical sales revenue (<i>RMB'000</i>)	107,266	107,665

Management Discussion and Analysis

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%).

Management Discussion and Analysis

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 (RMB'000)	4,960	8,607
Average outpatient spending per visit on treatment and general healthcare services (RMB)	149	194
Pharmaceutical sales revenue attributable to outpatients (RMB'000)	5,950	12,091
Average outpatient spending per visit on pharmaceutical sales (RMB)	179	273
Total outpatient revenue (RMB'000)	10,910	20,698
Total average outpatient spending per visit (RMB)	327	467
Total treatment and general healthcare services revenue (RMB'000)	156,589	182,958
Total pharmaceutical sales revenue (RMB'000)	50,049	59,521

Management Discussion and Analysis

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%).

Management Discussion and Analysis

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) (Unaudited)	(RMB'000) (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	523,893	555,218

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%).

Management Discussion and Analysis

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).

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	2024
	(Unaudited)	(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.

Management Discussion and Analysis

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).

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%).

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) (Unaudited)	(RMB'000) (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%).

Management Discussion and Analysis

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 (RMB'000) (Unaudited)	2024 (RMB'000) (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%).

Management Discussion and Analysis

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) (Unaudited)	(RMB'000) (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.

Management Discussion and Analysis

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) (Unaudited)	(RMB'000) (Unaudited)
Share of investment losses/gains accounted for under the equity method	-1,206	479
Gains on disposal of long-term equity investments	5,033	1,201
Gains from investment in wealth management products	5	—
	3,832	1,680

During the Reporting Period, our investment income amounted to RMB3.8 million.

Credit Impairment Losses

During the Reporting Period, credit impairment losses decreased to RMB-7.6 million (for the six months ended June 30, 2024: RMB5.6 million).

Gains/losses from Disposal of Assets

During the Reporting Period, gains from disposal of assets amounted to RMB1.3 million (for the six months ended June 30, 2024: RMB-0.1 million), mainly due to the termination of the original lease contract of Linhai Kangning Hospital, resulting in gains from disposal of assets of RMB1.3 million.

Management Discussion and Analysis

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 (RMB' 000) (Unaudited)	2024 (RMB'000) (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.

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.

Management Discussion and Analysis

Financial Position

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.

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).

Other Receivables and Prepayments

As of June 30, 2025, other receivables and prepayments increased to RMB126.7 million (as of December 31, 2024: RMB96.1 million).

Long-term Equity Investments

As of June 30, 2025, the balance of long-term equity investments was RMB96.2 million (as of December 31, 2024: RMB99.4 million).

Other Non-current Financial Assets

As of June 30, 2025, the balance of other non-current financial assets was RMB36.8 million (as of December 31, 2024: RMB36.8 million), which was the Group's investment in Chongqing Jinpu Medical and Health Service Industry Equity Investment Fund Partnership (Limited Partnership) (重慶金浦醫療健康服務產業股權投資基金合夥企業(有限合夥)).

Fixed Assets

As of June 30, 2025, the balance of fixed assets amounted to RMB874.1 million (as of December 31, 2024: RMB889.5 million).

Construction in Progress

As of June 30, 2025, the balance of construction in progress was RMB238.3 million (as of December 31, 2024: RMB185.2 million). The construction in progress during the Reporting Period mainly included the new construction project of Lucheng Yining Hospital and the new construction project of Longquan Kangning Hospital.

Management Discussion and Analysis

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).

Intangible Assets

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

Goodwill

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

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.

Deferred Tax Assets

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

Accounts Payable

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

Receipts in Advance

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

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.

Management Discussion and Analysis

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) (Unaudited)	(RMB' 000) (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

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.

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.

Net Cash Generated from Financing Activities

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

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

Management Discussion and Analysis

Indebtedness

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.

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.

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 Ouhai 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.

Management Discussion and Analysis

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.

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.

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.

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%).

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.

During the Reporting Period, the employee training program of the Company remained unchanged. For relevant information, please refer to the "Employee Training Program" of the Company's 2024 annual report.

Management Discussion and Analysis

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 June 30, 2025, a total of 8 participants exited, corresponding to a total of 79,274 incentive shares. As of June 30, 2025, 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 June 30, 2025, 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 June 30, 2025.

Management Discussion and Analysis

For the six months ended June 30, 2025, the changes in the Incentive Shares granted under the Equity Incentive Scheme were as follows:

Name/Category of Grantee	Date of Grant	Vesting Date (Unlocking Date)	Grant Price (RMB/ Share)	Balance of	Balance of	Granted during the Reporting Period	Vested (Unlocked) during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Balance of
				Incentive Shares	Incentive Shares					Incentive Shares
				Granted but not	Granted and					Granted but not
				Vested as at	Vested as at					Vested as at
				January 1, 2025	January 1, 2025					June 30, 2025
<i>Director</i>										
Ms. WANG Lianyue	June 18, 2021	June 28, 2022	10.47	—	248,328	—	—	—	—	—
<i>Supervisor</i>										
Mr. XIE Tiefan	June 18, 2021	June 28, 2022	10.47	—	4,776	—	—	—	—	—
<i>Others</i>										
Mr. XU Yi (Spouse of Ms. WANG Hongyue)	June 18, 2021	June 28, 2022	10.47	—	28,653	—	—	—	—	—
Ms. WANG Hongyue (Younger Sister of Ms. WANG Lianyue)	June 18, 2021	June 28, 2022	10.47	—	95,511	—	—	—	—	—
Ms. WANG Biyu (Resigned) (Niece of Ms. WANG Lianyue and Ms. WANG Hongyue)	June 18, 2021	June 28, 2022	10.47	—	4,776	—	—	—	—	—
Ms. XU Qunyan (Resigned) (Younger Sister of Mr. XU Yi)	June 18, 2021	June 28, 2022	10.47	—	4,776	—	—	—	—	—
Mr. GUAN Weilu (Younger Brother of Mr. GUAN Weili)	June 18, 2021	June 28, 2022	10.47	—	19,102	—	—	—	—	—
Mr. SUN Fangjun (Resigned)	June 18, 2021	June 28, 2022	10.47	—	14,327	—	—	—	—	—
Mr. SUN Hongbo (Nephew of Ms. WANG Lianyue and Ms. WANG Hongyue)	June 18, 2021	June 28, 2022	10.47	—	30,563	—	—	—	—	—

Management Discussion and Analysis

Name/Category of Grantee	Date of Grant	Vesting Date (Unlocking Date)	Grant Price (RMB/ Share)	Balance of	Balance of	Granted during the Reporting Period	Vested (Unlocked) during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Balance of
				Incentive Shares Granted but not Vested as at January 1, 2025	Incentive Shares Granted and Vested as at January 1, 2025					Incentive Shares Granted but not Vested as at June 30, 2025
Ms. ZHANG Linghui (Resigned) (Sister-in-law of Mr. GUAN Weili)	June 18, 2021	June 28, 2022	10.47	-	4,776	-	-	-	-	-
Senior Management (Total)	August 20, 2018	June 28, 2022	10.47	-	133,715	-	-	-	-	-
	April 16, 2021	June 28, 2022	10.47	-	47,755	-	-	-	-	-
Core Technical Personnel and Other Employees	August 20, 2018	June 28, 2022	10.47	-	1,605,540	-	-	-	-	-
	August 26, 2019	June 28, 2022	10.47	-	180,516	-	-	-	-	-
	April 16, 2021	June 28, 2022	10.47	-	36,886	-	-	-	-	-
Total				-	2,460,000	-	-	-	-	-

As the Equity Incentive Scheme only involved the Domestic Shares of the Company, the closing price of the Shares immediately before the date on which the awards were granted is not applicable.

Management Discussion and Analysis

H Share Award and Trust Scheme

To attract, motivate and retain extensively skilled and experienced “core backbone members of the technicians and management” to continuously strive for the continuing operation and development of the Company in the future, in accordance with the requirements of the Company Law of the People’s Republic of China and other relevant laws, administrative regulations, regulatory documents and the Articles 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 June 30, 2025, a total of 7 participants exited, corresponding to a total of 75,000 award shares. As of June 30, 2025, 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 June 30, 2025. For details of the grant plan, please refer to the circular of the Company dated September 8, 2023 and the announcements of the Company dated September 27, 2023, April 12, 2024, April 23, 2024 and June 18, 2024.

As at the beginning of the Reporting Period, 2,489,900 award shares were available for grant under the H Share Award and Trust Scheme, and as at the end of the Reporting Period, 2,489,900 award shares were available for grant under the H Share Award and Trust Scheme.

Management Discussion and Analysis

For the six months ended June 30, 2025, details of the award shares granted under the H Share Award and Trust Scheme and their movements were set out below:

Name/Category of Grantee	Date of Grant	Price (RMB/Share)	Number of Shares Granted but not Vested as at January 1, 2025	Number of Shares Granted during the Reporting Period	Closing Price of Relevant Shares Immediately before the Date of Grant (HK\$/Share)	Fair Value of Relevant Shares on the Date of Grant (HK\$/Share)	Number of Shares Vested during the Reporting Period	Weighted Average Closing Price of Relevant Shares Immediately before the Date of Grant (HK\$/Share)	Number of Shares Lapsed during the Reporting Period	Number of Shares Cancelled during the Reporting Period	Number of Shares Granted but not Vested as at June 30, 2025
Directors											
WANG Lianyue	April 23, 2024	0	99,300	–	–	–	24,825	9.90	–	–	74,475
	April 23, 2024	7	50,000	–	–	–	12,500	9.90	–	–	37,500
WANG Jian	April 23, 2024	0	59,100	–	–	–	14,775	9.90	–	–	44,325
	April 23, 2024	7	50,000	–	–	–	12,500	9.90	–	–	37,500
Five Individuals with Highest Emoluments (Excluding Directors)											
XU Xiaojun	April 23, 2024	7	30,000	–	–	–	7,500	9.90	–	–	22,500
XU Yi	April 12, 2024	0	57,500	–	–	–	14,375	9.94	–	–	43,125
	April 23, 2024	7	30,000	–	–	–	7,500	9.90	–	–	22,500
YE Minjie	April 12, 2024	0	21,000	–	–	–	5,250	9.94	–	–	15,750
Other Employees (Excluding Directors and Five Individuals with Highest Emoluments)											
Employees	April 12, 2024	0	126,200	–	–	–	31,550	9.94	–	–	94,650
	April 23, 2024	7	395,000	–	–	–	98,750	9.90	–	–	296,250
	June 18, 2024	7	322,000	–	–	–	80,500	9.76	–	–	241,500
Total	–	–	1,240,100	–	–	–	310,025	–	–	–	930,075

Management Discussion and Analysis

Note 1: The vesting time and percentage under the H Share Award and Trust Scheme are set out in the table below:

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

Corporate Governance and Other Information

Corporate Governance

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

Compliance with the Model Code

The Company has adopted the Model Code as a code of conduct of the Company for its Directors' and Supervisors' transactions on the Company's securities. Based on specific enquiries to all Directors and Supervisors, the Directors and the Supervisors have complied with the requirements set out in the Model Code during the period from January 1, 2025 to June 30, 2025 and up to the date of this interim report.

The Company minimizes the scope of insiders before publication of such inside information. Employees who are, or likely to be, in possession of unpublished inside information in relation to the Company or the Shares are prohibited from dealing in the Shares during the black-out period. The Company will file relevant information of such employees, including but not limited to the inside information, personal identity, securities account, the department such employees serve and their responsibilities, for Company's internal check and relevant regulatory authorities' inquiries. If such employees violate relevant laws and regulations, the Company will make the punishment decisions or transfer them to the judicial organs for handling in accordance with the law, in accordance with the seriousness of the case.

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

Accounting Policies

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises – Basic Standard and specific accounting standards and relevant rules issued by the Ministry of Finance of the PRC (the "Ministry of Finance") on February 15, 2006.

The financial statements are prepared and has disclosed relevant financial information in accordance with the requirements of the Accounting Standard for Business Enterprises No. 32 – Interim Financial Report issued by the Ministry of Finance. The Group's accounting policies applied in preparing the financial statements are consistent with those policies applied in the financial statements for the year ended 2024. The interim financial statements shall be read together with the financial statements for the year ended 2024 of the Group.

The financial statements are prepared on a going concern basis. The new Hong Kong Companies Ordinance became effective in 2016. Certain related matters in the financial statements have been disclosed according to requirements of the Hong Kong Companies Ordinance.

Corporate Governance and Other Information

Audit Committee and Review of the Interim Report and the Interim Results

The Company established the Audit Committee in compliance with Rule 3.21 and Rule 3.22 of the Hong Kong Listing Rules and with written terms of reference in compliance with the CG Code and the roles and the responsibilities delegated to the Audit Committee by the Board. As of June 30, 2025, the Audit Committee consists of two independent non-executive Directors, Ms. ZHONG Wentang (the chairman of the Audit Committee) and Ms. JIN Ling, and one non-executive Director, Mr. LI Changhao. The Audit Committee has reviewed this interim report and the Group's unaudited financial information for the six months ended June 30, 2025 and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

Interim Dividend

The Board recommends the payment of the Proposed Interim Dividend. Based on the total share capital before the record date determined by the implementation of the 2025 interim profit distribution plan (excluding the number of Shares repurchased but not cancelled by the Company), a cash dividend of RMB1.80 (tax inclusive) per 10 shares will be distributed to all shareholders of the Company. As at the disclosure date of the "INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2025" of the Company, the total share capital of the Company is 72,358,900 Shares. Assuming that there is no change in the total share capital of the Company from the date of this interim report to the record date, the total proposed cash dividend is expected to be RMB13,024,602 (inclusive of tax), representing 35.7% of the net profit attributable to shareholders of the parent company as set out in the consolidated statement of accounts for the Reporting Period. The Proposed Interim Dividend will be denominated and declared in RMB. The holders of Domestic Shares will be paid in RMB and the holders of H Shares will be paid in Hong Kong dollars. The exchange rate for the Proposed Interim Dividend to be paid in Hong Kong dollars will be the mean of the exchange rates of Hong Kong dollars to RMB as announced by the People's Bank of China during the five business days prior to the date of declaration of the Proposed Interim Dividend (i.e. the date of convening the EGM of the Company). The proposal for payment of 2025 interim dividend is subject to the consideration and approval at the EGM of the Company.

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.

Corporate Governance and Other Information

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%.

Corporate Governance and Other Information

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.

Corporate Governance and Other Information

Change in Directors, Supervisors and Senior Management

On May 22, 2025, Ms. ZHANG Yue resigned from the position of supervisor of the Company due to personal matters and other work commitments.

At the 2024 Annual General Meeting of Shareholders convened on June 30, 2025, Mr. FANG Wei was appointed as a supervisor of the 4th Session of the Board of Supervisors of the Company, with his term of office commencing from June 30, 2025 until the date on which the term of office of the 4th Session of the Board of Supervisors expires.

Save as disclosed above, there have been no changes in the Directors, Supervisors and senior management of the Company during the Reporting Period and up to the date of this interim report.

Events after the Reporting Period

There have been no major subsequent events occurred to the Group from the end of the Reporting Period to the date of this interim report.

Change in Directors', Supervisors' and Chief Executives' Biographical Details

Set out below are the changes in the Directors', the Supervisors' and the chief executives' biographical details between the period of January 1, 2025 to June 30, 2025 and up to the date of this interim report, which are required to be disclosed pursuant to Rule 13.51B of the Hong Kong Listing Rules:

WANG Jian	Zhejiang Yining Geriatric Hospital Management Co., Ltd.	Executive Director, General Manager	April 2024 – January 2025
	Zhejiang Yining Geriatric Health Service Co., Ltd.	Director, Manager	January 2025 – present
	Hangzhou Yining Hospital Co., Ltd.	Director	May 2025 – present
	Yining Psychology Internet Hospital (Wenzhou) Co., Ltd.	Executive Director, General Manager	March 2020 – February 2025
	Hangzhou Yining Medical Equipment R&D Co., Ltd.	Executive Director, General Manager	April 2021 – June 2025
	Zhejiang Youning Pharmaceutical Co., Ltd.	Director, Manager	June 2025 – present
JIN Weiguang	Pingyang Changgeng Yining Hospital Co., Ltd.	Executive Director	September 2021 – January 2025
	Pingyang Changgeng Yining Hospital Co., Ltd.	Director	February 2025 – present

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

Corporate Governance and Other Information

Disclosure of Interests

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

As of June 30, 2025, the interests and short positions of the Directors, the Supervisors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company under Section 352 of the SFO, or as notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Class of Shares	Nature of Interest	Number of Shares	Total Number of Shares	Approximate Percentage in Shares of the Same Class ⁽¹⁾	Approximate Percentage of the Company's Total Issued Shares Capital ⁽¹⁾
Mr. GUAN Weili ⁽²⁾	Domestic Shares	Beneficial owner Interest of spouse Interest held jointly with another person	18,350,250(L) 3,194,500(L) 5,785,350(L)	27,330,100(L)	51.80%	37.77%
	H Shares	Interest of spouse Interest held jointly with another person	149,300(L) 309,000(L)	458,300(L)	2.34%	0.63%
Ms. WANG Lianyue ⁽²⁾	Domestic Shares	Beneficial owner Interest of spouse Interest held jointly with another person	3,194,500(L) 18,350,250(L) 5,785,350(L)	27,330,100(L)	51.80%	37.77%
	H Share	Beneficial owner Interest held jointly with another person	149,300(L) 309,000(L)	458,300(L)	2.34%	0.63%
Mr. WANG Jian	Domestic Shares	Beneficial owner	100,000(L)	100,000(L)	0.19%	0.14%
	H Shares	Beneficial owner	209,100(L)	209,100(L)	1.07%	0.29%
Mr. XU Yongjiu ⁽³⁾	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	4,540,000(L)	8.61%	6.27%

Notes:

(L): Long position

(1) The shareholding percentages are calculated on the basis of 52,760,000 Domestic Shares and 19,598,900 H Shares (an aggregate of 72,358,900 Shares) issued by the Company as of June 30, 2025.

(2) Mr. GUAN Weili is the spouse of Ms. WANG Lianyue and therefore, Mr. GUAN Weili is deemed to be interested in the Domestic Shares held by Ms. WANG Lianyue, and Ms. WANG Lianyue is deemed to be interested in the Domestic Shares held by Mr. GUAN Weili by virtue of Part XV of the SFO. Mr. Guan Weili, Ms. Wang Lianyue and Ms. Wang Hongyue (sister of Ms. Wang Lianyue) are deemed to be acting in concert, and are therefore deemed to collectively have an interest in 27,330,100 domestic shares and 458,300 H shares of the Company.

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

Corporate Governance and Other Information

Save as disclosed above, as of June 30, 2025, to the knowledge of the Board, none of the Directors, the Supervisors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, the Supervisors and the chief executives of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Interests of Substantial Shareholders

As of June 30, 2025, according to the register kept by the Company pursuant to Section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following person/entity (other than the Directors, the Supervisors or the chief executives of the Company) had an interest or short position which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or be directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of the Company:

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate Percentage in Shares of the Same Class ⁽¹⁾	Approximate Percentage of the Company's Total Issued Shares Capital ⁽¹⁾
Central Enterprises Rural Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司)	Domestic Shares	Beneficial owner	7,466,666(L)	14.15%	10.32%
Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)) ⁽²⁾	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	8.61%	6.27%
FAN Yin ⁽²⁾	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	8.61%	6.27%
SUN Jian ⁽²⁾	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	8.61%	6.27%

Corporate Governance and Other Information

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate Percentage in Shares of the Same Class ⁽¹⁾	Approximate Percentage of the Company's Total Issued Shares Capital ⁽¹⁾
Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) ⁽²⁾	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	8.61%	6.27%
Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥))	Domestic Shares	Beneficial owner	4,540,000(L)	8.61%	6.27%
XU Yi ⁽⁶⁾	Domestic Shares	Interest of spouse	27,330,100(L)	51.80%	37.77%
	H Shares	Interest of spouse	458,300(L)	2.34%	0.63%
Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥))	Domestic Shares	Beneficial owner	4,519,003(L)	8.57%	6.25%
Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) ⁽³⁾	Domestic Shares	Interest in a controlled corporation	4,519,003(L)	8.57%	6.25%
LIN Lijun	Domestic Shares	Interest in a controlled corporation	5,846,364(L)	11.08%	8.08%
Shanghai Loyal Valley Investment Management Co., Limited (上海正心谷投資管理有限公司) (formerly know as Shanghai Shengge Investment Management Co., Ltd. (上海盛歌投資管理有限公司)) ⁽⁴⁾	Domestic Shares	Interest in a controlled corporation	5,846,364(L)	11.08%	8.08%
Wind Information Co., Ltd. (萬得信息技術股份有限公司)	Domestic Shares	Interest in a controlled corporation	3,333,000(L)	6.32%	4.61%
Shanghai Hehuayuan Enterprise Management Center (Limited Partnership) (上海荷花緣企業管理中心(有限合夥))	Domestic Shares	Interest in a controlled corporation	3,333,000(L)	6.32%	4.61%

Corporate Governance and Other Information

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate Percentage in Shares of the Same Class ⁽¹⁾	Approximate Percentage of the Company's Total Issued Shares Capital ⁽¹⁾
Wind Impact Equity Investment (Jiaxing) Partnership (Limited Partnership) ("Wind Investment") (萬得影響力股權投資(嘉興)合夥企業(有限合夥)) ("萬得投資")	Domestic Shares	Beneficial owner	3,333,000(L)	6.32%	4.61%
CITIC Securities Investment Limited (中信證券投資有限公司)	Domestic Shares	Beneficial owner	2,780,000(L)	5.27%	3.84%
CITIC Securities Company Limited (中信證券股份有限公司) ⁽⁵⁾	Domestic Shares	Interest in a controlled corporation	2,780,000(L)	5.27%	3.84%
OrbiMed Advisors LLC	H Shares	Investment manager	1,454,000(L)	7.42%	2.01%
OrbiMed Capital LLC	H Shares	Investment manager	2,150,900(L)	10.97%	2.97%
OrbiMed Partners Master Fund Limited	H Shares	Beneficial owner	1,279,900(L)	6.53%	1.77%
OrbiMed Partners II, L.P.	H Shares	Beneficial owner	1,052,000(L)	5.37%	1.45%
UBS Group AG	H Shares	Interest in a controlled corporation	1,029,400(L)	5.25%	1.42%
ZOU Haili	H Shares	Beneficial owner	1,680,000(L)	8.57%	2.32%
WANG Hongyue ⁽⁶⁾	Domestic Shares	Beneficial owner	5,785,350(L)	10.97%	8.00%
		Interest held jointly with another person	21,544,750(L)	40.84%	29.77%
	H Shares	Beneficial owner	309,000(L)	1.58%	0.43%
		Interest held jointly with another person	149,300(L)	0.76%	0.21%
Kangning Success Holding Limited	H Shares	Interest in a controlled corporation	3,347,975(L)	17.08%	4.63%
Trident Trust Company (HK) Limited	H Shares	Trustee	3,347,975(L)	17.08%	4.63%

Corporate Governance and Other Information

Notes:

(L): Long position

- (1) The shareholding percentages are calculated on the basis of 52,760,000 Domestic Shares and 19,598,900 H Shares (an aggregate of 72,358,900 Shares) issued by the Company as of June 30, 2025.
- (2) FAN Yin holds 50% equity interest in Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)) and Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)). SUN Jian holds 33.94% equity interest in Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)). Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership). Therefore, by virtue of Part XV of the SFO, FAN Yin, Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)), SUN Jian and Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) were deemed to be interested in all the Domestic Shares held by Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)) in the Company.
- (3) Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) holds 99.99% equity interest in Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)). Therefore, by virtue of Part XV of the SFO, Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) is deemed to be interested in all the Domestic Shares held by Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)) in the Company.
- (4) Shanghai Loyal Valley Investment Management Co., Limited (上海正心谷投資管理有限公司) (formerly know as Shanghai Shengge Investment Management Co., Ltd. (上海盛歌投資管理有限公司)) is a general partner of Shanghai Qiangang Investment Management Partnership (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) and Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)). Therefore, by virtue of Part XV of the SFO, Shanghai Loyal Valley Investment Management Co., Limited is deemed to be interested in all the Domestic Shares held by Shanghai Qiangang Investment Management Partnership (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) (which directly holds 1,987,356 Domestic Shares of the Company) and Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)) in the Company.
- (5) CITIC Securities Investment Limited (中信證券投資有限公司) is wholly held by CITIC Securities Company Limited. Therefore, by virtue of Part XV of the SFO, CITIC Securities Company Limited is deemed to be interested in all the Domestic Shares held by CITIC Securities Investment Limited (中信證券投資有限公司) in the Company.
- (6) Mr. Guan Weili, Ms. Wang Lianyue and Ms. Wang Hongyue (sister of Ms. Wang Lianyue) are deemed to be acting in concert, and thus are deemed to collectively have an interest in 27,330,100 domestic shares and 458,300 H shares of the Company. Mr. XU Yi is the spouse of Ms. WANG Hongyue and, therefore, pursuant to Part XV of the Securities and Futures Ordinance, Mr. XU Yi is deemed to be interested in the share of the Company held by Ms. WANG Hongyue.

Corporate Governance and Other Information

Save as disclosed above, as at June 30, 2025, to the knowledge of the Directors, no other person (other than a Director, a Supervisor or chief executive of the Company) had, or was deemed or taken to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

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

Zhejiang, the PRC
August 12, 2025

Consolidated Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 4	Balance as at the end of the period	Balance as at the end of the previous year
Current assets:			
Cash at bank and on hand	4.1	340,232,500.32	261,749,010.62
Settlement deposits			
Placements with banks and other financial institutions			
Financial assets held for trading	4.2	21,325,265.41	7,938,322.41
Derivative financial assets			
Notes receivable	4.3		663,798.83
Accounts receivable	4.4	419,912,658.42	571,812,956.97
Receivables financing			
Advances to suppliers	4.5	27,461,467.19	14,713,963.24
Premiums receivable			
Reinsurance accounts receivable			
Provision for reinsurance contract receivable			
Other receivables	4.6	99,269,639.12	81,354,941.59
Financial assets purchased under resale agreements			
Inventories	4.7	49,637,662.56	50,629,131.38
Including: data sources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	4.8	9,881,285.62	5,859,353.91
Total current assets		967,720,478.64	994,721,478.95

Consolidated Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 4	Balance as at the end of the period	Balance as at the end of the previous year
Non-current assets:			
Granted loans and advances			
Debt investments			
Other debt investments			
Long-term accounts receivables	4.9		14,000,000.00
Long-term equity investments	4.10	96,169,747.92	99,413,985.20
Investments in other equity instruments			
Other non-current financial assets	4.11	36,804,698.26	36,755,116.10
Investment properties			
Fixed assets	4.12	874,140,219.23	889,544,442.13
Construction in progress	4.13	238,348,770.46	185,164,227.10
Productive biological assets			
Oil and gas assets			
Right-of-use assets	4.14	193,217,590.80	161,821,444.56
Intangible assets	4.15	304,978,952.60	291,535,792.26
Including: data sources			
Development expenditure			
Including: data sources			
Goodwill	4.16	127,198,933.05	114,158,433.92
Long-term prepaid expenses	4.17	135,015,255.27	150,407,031.48
Deferred tax assets	4.18	52,433,591.56	56,197,544.77
Other non-current assets	4.19	20,359,242.56	11,233,664.34
Total non-current assets		2,078,667,001.71	2,010,231,681.86
Total assets		3,046,387,480.35	3,004,953,160.81

The accompanying notes form an integral part of these financial statements.

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Consolidated Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and shareholders' equity	Note 4	Balance as at the end of the period	Balance as at the end of the previous period
Current liabilities:			
Short-term borrowings	4.21	105,720,000.00	91,000,000.00
Borrowings from central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading	4.22		14,000,000.00
Derivative financial liabilities			
Notes payable	4.23	1,522,204.00	
Accounts payable	4.24	118,842,628.09	131,936,379.98
Receipts in advance	4.25	29,594,023.47	21,319,198.39
Contract liabilities	4.26	1,812,824.87	49,771.35
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	4.27	66,734,812.81	85,747,296.61
Taxes payable	4.28	21,253,501.59	39,128,083.85
Other payables	4.29	72,746,939.83	81,287,433.15
Fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	4.30	288,868,212.68	229,270,444.13
Other current liabilities	4.31	218,774.38	615,218.00
Total current liabilities		707,313,921.72	694,353,825.46

Consolidated Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and shareholders' equity	Note 4	Balance as at the end of the period	Balance as at the end of the previous period
Non-current liabilities:			
Provision for insurance contracts			
Long-term borrowings	4.32	678,248,077.26	691,017,337.44
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	4.33	184,944,626.00	151,300,062.80
Long-term payables	4.34	70,878,075.78	76,236,878.60
Long-term employee benefits payable			
Provisions			
Deferred income	4.35	8,278,411.00	8,430,307.00
Deferred tax liabilities	4.18	36,447,159.37	40,313,058.68
Other non-current liabilities			
Total non-current liabilities		978,796,349.41	967,297,644.52
Total liabilities		1,686,110,271.13	1,661,651,469.98

Consolidated Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and shareholders' equity	Note 4	Balance as at the end of the period	Balance as at the end of the previous period
Shareholders' equity:			
Share capital	4.36	72,358,900.00	72,670,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital surplus	4.37	789,916,782.12	790,024,238.03
Less: treasury stocks	4.38	22,366,848.64	22,366,848.64
Other comprehensive income			
Special reserves			
Surplus reserves	4.39	38,399,577.13	38,399,577.13
Provision for general risks			
Retained earnings	4.40	359,015,187.58	344,285,828.01
Total equity attributable to shareholders of the parent company		1,237,323,598.19	1,223,012,794.53
Non-controlling interests		122,953,611.03	120,288,896.30
Total shareholders' equity		1,360,277,209.22	1,343,301,690.83
Total liabilities and shareholders' equity		3,046,387,480.35	3,004,953,160.81

The accompanying notes form an integral part of these financial statements.

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Parent Company's Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 15	Balance as at the end of the period	Balance as at the end of the previous year
Current assets:			
Cash at bank and on hand		133,059,953.02	112,152,552.80
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	15.1	53,585,753.40	69,696,752.09
Receivables financing			
Advances to suppliers		960,475.58	2,264,057.74
Other receivables	15.2	716,079,091.47	616,875,722.47
Inventories		9,753,068.43	10,162,306.19
Including: data sources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			355,000.00
Total current assets		913,438,341.90	811,506,391.29

Parent Company's Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 15	Balance as at the end of the period	Balance as at the end of the previous year
Non-current assets:			
Debt investments			
Other debt investments			
Long-term accounts receivables			
Long-term equity investments	15.3	690,261,006.13	834,837,987.87
Investments in other equity instruments			
Other non-current financial assets		36,804,698.26	36,755,116.10
Investment properties			
Fixed assets		276,689,649.59	280,273,134.88
Construction in progress		2,963,737.96	622,132.50
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		23,125,003.24	23,603,766.55
Including: data sources			
Development expenditure			
Including: data sources			
Goodwill			
Long-term prepaid expenses		16,013,627.22	18,701,115.49
Deferred tax assets		16,148,855.88	17,876,806.13
Other non-current assets		10,052,222.69	6,010,995.66
Total non-current assets		1,072,058,800.97	1,218,681,055.18
Total assets		1,985,497,142.87	2,030,187,446.47

The accompanying notes form an integral part of these financial statements.

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Parent Company's Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and shareholders' equity	Note	Balance as at the end of the period	Balance as at the end of the previous year
Current liabilities:			
Short-term borrowings		93,720,000.00	75,000,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		42,997,929.14	50,885,691.57
Receipts in advance		6,258,455.76	4,828,444.68
Contract liabilities			
Employee benefits payable		16,670,235.33	20,234,697.93
Taxes payable		2,667,567.68	3,208,892.78
Other payables		29,416,960.12	51,395,823.13
Liabilities held for sale			
Non-current liabilities due within one year		230,630,144.00	172,880,144.00
Other current liabilities			
Total current liabilities		422,361,292.03	378,433,694.09
Non-current liabilities:			
Long-term borrowings		329,250,000.00	399,350,000.00
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables		27,509,595.18	34,016,324.10
Long-term employee benefits payable			
Provisions			
Deferred income		8,278,411.00	8,430,307.00
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		365,038,006.18	441,796,631.10
Total liabilities		787,399,298.21	820,230,325.19

Parent Company's Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and shareholders' equity	Note	Balance as at the end of the period	Balance as at the end of the previous year
Shareholders' equity:			
Share capital		72,358,900.00	72,670,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital surplus		832,177,309.37	832,320,975.11
Less: treasury stocks		22,366,848.64	22,366,848.64
Other comprehensive income			
Special reserves			
Surplus reserves		38,399,577.13	38,399,577.13
Retained earnings		277,528,906.80	288,933,417.68
Total shareholders' equity		1,198,097,844.66	1,209,957,121.28
Total liabilities and shareholders' equity		1,985,497,142.87	2,030,187,446.47

The accompanying notes form an integral part of these financial statements.

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Consolidated Income Statement

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 4	Current period	Prior period
I. Total revenue		738,561,625.33	828,957,553.71
Including: Revenue	4.41	738,561,625.33	828,957,553.71
Interest income			
Premium income			
Fees and commission income			
II. Total cost of sales		717,628,929.06	766,642,937.50
Including: cost of sales	4.41	549,334,194.14	602,800,461.11
Interest expense			
Fees and commissions expenses			
Surrenders			
Net claims expenses			
Net provisions for insurance contracts reserve			
Insurance policy dividend paid			
Reinsurance costs			
Taxes and surcharges	4.42	5,117,058.34	6,268,298.95
Selling and distribution expenses	4.43	3,688,280.00	9,249,266.44
General and administrative expenses	4.44	121,819,658.37	106,271,383.70
Research and development expenses	4.45	15,662,922.72	17,588,076.15
Financial expenses	4.46	22,006,815.49	24,465,451.15
Including: Interest expenses		18,377,254.10	23,323,466.98
Interest income		587,377.24	2,686,209.46
Add: Other income	4.47	11,601,815.43	5,588,263.28
Investment income (losses represented with “-” signs)	4.48	3,832,269.03	1,680,199.57
Including: Investment income from associates and joint ventures		-1,206,158.07	478,827.96
Gains from derecognition of financial assets measured at amortised costs			
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)	4.49	477,843.54	-98,523.19
Credit impairment losses (losses represented with “-” signs)	4.50	7,616,882.44	-5,584,264.01
Asset impairment losses (losses represented with “-” signs)			
Gains from disposal of assets (losses represented with “-” signs)	4.51	1,250,151.08	-74,985.41

Consolidated Income Statement

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 4	Current period	Prior period
III. Operating profits (losses represented with "-" sign)		45,711,657.79	63,825,306.45
Add: non-revenue	4.52	66,456.85	503,489.95
Less: non-operating expenses	4.53	3,798,544.46	2,816,219.76
IV. Total profits (total losses represented with "-" signs)		41,979,570.18	61,512,576.64
Less: income tax expenses	4.54	15,210,452.03	16,516,143.35
V. Net profit (net losses represented with "-" signs)		26,769,118.15	44,996,433.29
(I) Classification by continuity of operations			
1. Net profit from continuing operation (net losses represented with "-" signs)		26,769,118.15	44,996,433.29
2. Net profit from discontinued operation (net losses represented with "-" signs)			
(II) Classification by ownership of the equity			
1. Net profit attributable to shareholders of the parent company (net losses represented with "-" signs)		36,530,359.57	50,723,744.20
2. Profit or loss attributable to non-controlling interests (net losses represented with "-" signs)		-9,761,241.42	-5,727,310.91
VI. Other comprehensive income, net of tax			
Other comprehensive income, net of tax attributable to owners of the parent company			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes rising 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 instruments			
4. Changes in fair value of the Company's own credit risk			

Consolidated Income Statement

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 4	Current period	Prior period
(II) Other comprehensive income that can be reclassified to profit or 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		26,769,118.15	44,996,433.29
Attributable to shareholders of the parent company		36,530,359.57	50,723,744.20
Attributable to non-controlling interests		-9,761,241.42	-5,727,310.91
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	4.55	0.50	0.68
(II) Diluted earnings per share (RMB/share)	4.55	0.50	0.68

The accompanying notes form an integral part of these financial statements.

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Company's Income Statement

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 15	Amount for the current period	Amount for the previous period
I. Revenue	15.4	191,631,445.80	193,286,941.03
Less: Cost of sales	15.4	128,370,674.76	130,785,130.41
Taxes and surcharges		2,561,069.88	3,245,018.31
Selling and distribution expenses		90,226.09	421,415.53
General and administrative expenses		38,256,463.25	33,439,820.06
Research and development expenses		11,922,725.70	12,778,787.81
Financial expenses		4,120,776.89	7,528,437.05
Including: Interest expenses		9,614,227.57	13,692,407.18
Interest income		7,236,569.03	8,491,601.94
Add: Other income		2,672,633.24	2,425,821.83
Investment income (losses represented with "-" signs)	15.5	1,526,125.08	14,189,338.60
Including: Investment income from associates and joint ventures		1,526,125.08	128,019.62
Derecognition income of financial assets measured at the amortized cost			
Gains from net exposure hedges (losses represented with "-" signs)			
Gains from changes in fair value (losses represented with "-" signs)		49,582.16	-347,402.79
Credit impairment losses (losses represented with "-" signs)		1,715,895.58	6,859,241.73
Asset impairment losses (losses represented with "-" signs)			
Gains from disposal of assets (losses represented with "-" signs)			
II. Operating profits (losses represented with "-" signs)		12,273,745.29	28,215,331.23
Add: non-revenue		600.00	
Less: non-operating expenses		149,905.92	321,888.39
III. Total profits (losses represented with "-" signs)		12,124,439.37	27,893,442.84
Less: income tax expenses		1,727,950.25	-1,490,906.78
IV. Net profit (losses represented with "-" signs)		10,396,489.12	29,384,349.62
(I) Net profit from continuing operations (losses represented with "-" signs)		10,396,489.12	29,384,349.62
(II) Net profit from discontinued operations (losses represented with "-" signs)			

Company's Income Statement

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 15	Amount for the current period	Amount for the previous period
V. Other comprehensive income, net of tax			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes rising 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 instrument investments			
4. Changes in fair value due to the enterprise's own credit risk			
(II) Other comprehensive income that can be reclassified to profit or 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			
VI. Total comprehensive income		10,396,489.12	29,384,349.62
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

The accompanying notes form an integral part of these financial statements.

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 4	Current period	Prior period
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		906,586,410.37	774,736,897.94
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 interest, fees and commissions			
Net increase in placements from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash received from securities brokerage services			
Refund of taxes and levies			
Cash received relating to other operating activities		53,351,834.67	40,064,567.80
Sub-total of cash inflows of operating activities		959,938,245.04	814,801,465.74
Cash paid for goods and services		278,457,055.04	264,247,149.21
Net increase in customers' 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 interest, fees and commissions			
Cash paid for policyholders' dividends			
Cash paid to and on behalf of employees		342,221,800.43	329,971,885.59
Cash paid for taxes and surcharges		44,199,367.80	40,687,505.65
Cash paid relating to other operating activities		96,538,403.71	63,358,941.68
Sub-total of cash outflows of operating activities		761,416,626.98	698,265,482.13
Net cash flows from operating activities		198,521,618.06	116,535,983.61

Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 4	Current period	Prior period
II. Cash flows from investing activities:			
Cash received from disposal of investments		7,870,000.00	
Cash received from returns on investments		5,699.09	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		263,925.46	644,865.42
Net cash received from disposal of subsidiaries and other business units			432,733.42
Cash received relating to other investing activities			
Sub-total of cash inflows of investing activities		8,139,624.55	1,077,598.84
Cash paid to acquire fixed assets, intangible assets and other long-term assets		97,487,136.11	111,001,022.93
Cash paid to acquire investments		7,199,999.19	2,000,000.00
Net increase in pledged loans			
Net cash paid to acquire subsidiaries and other business units		17,316,274.30	
Cash paid relating to other investing activities		13,098,602.88	787,500.00
Sub-total of cash outflows of investing activities		135,102,012.48	113,788,522.93
Net cash flows from investing activities		-126,962,387.93	-112,710,924.09
III. Cash flows from financing activities			
Cash received from capital contributions		6,000,000.00	5,210,500.00
Including: cash received from subsidiaries capital contributions by non-controlling shareholders of subsidiaries		6,000,000.00	5,210,500.00
Cash received from borrowings		238,829,338.74	362,766,250.00
Cash received relating to other financing activities		19,541,873.20	22,800,000.00
Sub-total of cash inflows of financing activities		264,371,211.94	390,776,750.00
Cash repayments of borrowings		179,128,598.92	304,772,127.25
Cash payments for distribution of dividends, profits or interest expenses		17,913,126.07	43,748,490.45
Including: Cash payments for distribution of dividends and profit by subsidiaries to noncontrolling shareholders		1,114,000.00	1,145,517.00
Cash paid relating to other financing activities		61,012,338.80	83,915,997.58
Sub-total of cash outflows of financing activities		258,054,063.79	432,436,615.28
Net cash flows from financing activities		6,317,148.15	-41,659,865.28

Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 4	Current period	Prior period
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-2,486.65	-99,244.67
V. Net increase in cash and cash equivalents		77,873,891.63	-37,934,050.43
Add: Cash and cash equivalents at the beginning of the period	4.56	255,232,744.16	404,723,339.37
VI. Cash and cash equivalents at the end of the period	4.56	333,106,635.79	366,789,288.94

The accompanying notes form an integral part of these financial statements.

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Company's Statement of Cash Flows

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 15	Current period	Prior period
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		204,706,377.93	178,625,474.28
Refund of taxes and levies			
Cash received relating to other operating activities		223,954,868.42	334,259,258.00
Sub-total of cash inflows of operating activities		428,661,246.35	512,884,732.28
Cash paid for goods and services		73,535,871.41	66,197,024.94
Cash paid to and on behalf of employees		92,633,698.18	84,545,764.25
Cash paid for taxes and surcharges		3,772,451.41	2,949,959.92
Cash paid relating to other operating activities		192,295,435.48	338,808,072.60
Sub-total of cash outflows of operating activities		362,237,456.48	492,500,821.71
Net cash flows from operating activities		66,423,789.87	20,383,910.57
II. Cash flows from investing activities:			
Cash received from disposal of investments			
Cash received from returns on investments			13,273,818.98
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,832.00	10,427.00
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows of investing activities		2,832.00	13,284,245.98
Cash paid to acquire fixed assets, intangible assets and other long-term assets		5,284,196.52	1,277,334.63
Cash paid to acquire investments		9,000,000.00	7,200,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows of investing activities		14,284,196.52	8,477,334.63
Net cash flows from investing activities		-14,281,364.52	4,806,911.35

Company's Statement of Cash Flows

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 15	Current period	Prior period
III. Cash flows from financing activities			
Cash received from capital contributions			
Cash received from borrowings		113,720,000.00	293,000,000.00
Cash received relating to other financing activities			
Sub-total of cash inflows of financing activities		113,720,000.00	293,000,000.00
Cash repayments of borrowings		117,350,000.00	276,792,127.25
Cash payments for distribution of dividends, profits or interest expenses		11,533,957.02	35,406,263.84
Cash paid relating to other financing activities		16,069,212.44	25,472,250.00
Sub-total of cash outflows of financing activities		144,953,169.46	337,670,641.09
Net cash flows from financing activities		-31,233,169.46	-44,670,641.09
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-2,486.65	-119,720.72
V. Net increase in cash and cash equivalents		20,906,769.24	-19,599,539.89
Add: Cash and cash equivalents at the beginning of the period		110,788,421.25	185,475,808.48
VI. Cash and cash equivalents at the end of the period		131,695,190.49	165,876,268.59

The accompanying notes form an integral part of these financial statements.

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Consolidated Statement of Changes in Shareholders' Equity

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Amount for the current period													
	Equity attributable to owners of the parent company													
	Other equity instruments				Other									
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: treasury stocks	comprehensive income	Special reserves	Surplus reserves	Provision for general risk	Retained earnings	Subtotal	Minority equity	Total shareholders' equity
I. Balance as at the end of the previous year	72,670,000.00				790,024,238.03	22,366,948.64			38,393,577.13		344,285,828.01	1,223,012,794.53	120,288,886.30	1,343,301,680.83
Add: changes in accounting policies														
Correction of accounting errors in prior year														
Business combination under common control														
Others														
II. Balance as at the beginning of the current year	72,670,000.00				790,024,238.03	22,366,948.64			38,393,577.13		344,285,828.01	1,223,012,794.53	120,288,886.30	1,343,301,680.83
III. Increases/decreases in the current period ("+" for increases)	-311,100.00				-107,455.91						14,729,359.57	14,310,803.66	2,684,714.73	16,975,518.39
(I) Total comprehensive income											36,530,359.57	36,530,359.57	-9,761,241.42	26,769,118.15
(II) Capital contributed or decreased by owners	-311,100.00				-107,455.91									
1. Common stock contributed by owners	-311,100.00				-2,939,289.96									
2. Capital contributed by the holders of other equity instruments														
3. Amounts of share-based payments recognised in shareholders' equity														
4. Others					2,831,843.05									
(III) Profit distribution														
1. Withdrawal of surplus reserves														
2. Withdrawal of provision for general risk														
3. Profit distributed to owners (or shareholders)														
4. Others														
(IV) Internal carry-forward of shareholders' 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 current period	72,358,900.00				789,916,782.12	22,366,948.64			38,393,577.13		359,015,187.58	1,237,323,598.19	122,953,611.03	1,380,277,209.22

The accompanying notes form an integral part of these financial statements.

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Consolidated Statement of Changes in Shareholders' Equity

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Amount for the previous period													
	Equity attributable to owners of the parent company													
	Other equity instruments				Other									
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Provision for general risk	Retained earnings	Subtotal	Minority equity	Total shareholders' equity
I. Balance as at the end of the previous year	74,600,300.00				882,695,601.69	12,587,011.74			38,399,577.13		311,956,229.16	1,285,064,696.24	143,141,250.58	1,408,205,946.82
Add: changes in accounting policies														
Correction of accounting errors in prior year														
Business combination under common control														
Others														
II. Balance as at the beginning of the current year	74,600,300.00				882,695,601.69	12,587,011.74			38,399,577.13		311,956,229.16	1,285,064,696.24	143,141,250.58	1,408,205,946.82
III. Increases/decreases in the current period ("+" for increases)					-11,942,120.35	-9,440,179.03					28,343,654.20	25,841,712.28	-7,585,802.94	18,255,903.34
(I) Total comprehensive income											50,723,744.20	50,723,744.20	-5,727,310.91	44,996,433.29
(II) Capital contributed or decreased by owners					-8,566,709.51	-9,440,179.03								
1. Common stock contributed by owners					-9,334,383.19	-9,440,179.03								
2. Capital contributed by the holders of other equity instruments														
3. Amounts of share-based payments recognised in owner's equity														
4. Others					767,673.68									767,673.68
(III) Profit distribution														
1. Withdrawal of surplus reserves														
2. Withdrawal of provision for general risk														
3. Profit distributed to owners (or shareholders)									-22,380,090.00		-22,380,090.00	-22,380,090.00	-2,891,517.00	-25,271,607.00
4. Others														
(IV) Internal carry-forward of shareholders' 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					-3,375,411.44							-3,375,411.44		-3,375,411.44
2. Usage for the period														
3. Others														
IV. Balance as at the end of the current period	74,600,300.00				840,753,480.74	3,146,832.71			38,399,577.13		340,299,883.36	1,280,906,406.52	135,555,447.64	1,428,461,856.16

The accompanying notes form an integral part of these financial statements.

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Parent Company's Statement of Changes in Shareholders' Equity

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Other equity instruments						Amount for the current period				
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total shareholders' equity
I. Balance as at the end of the previous year	72,670,000.00				832,320,975.11	22,366,848.64			38,399,577.13	288,933,417.68	1,209,957,121.28
Add: changes in accounting policies											
Correction of accounting errors in prior year											
Others											
II. Balance as at the beginning of the current year	72,670,000.00				832,320,975.11	22,366,848.64			38,399,577.13	288,933,417.68	1,209,957,121.28
III. Increases/decreases in the current period ("+" for increases)	-311,100.00				-143,665.74					-11,404,510.88	-11,859,276.62
(I) Total comprehensive income										10,396,489.12	10,396,489.12
(II) Capital contributed or decreased by owners	-311,100.00				-143,665.74						-454,765.74
1. Common stock contributed by owners	-311,100.00				-2,939,298.96						-3,250,398.96
2. Capital contributed by the holders of other equity instruments											
3. Amounts of share-based payments recognised in shareholders' equity											
4. Others					2,795,633.22						2,795,633.22
(III) Profit distribution											
1. Withdrawal of surplus reserves									-21,801,000.00	-21,801,000.00	-21,801,000.00
2. Profit distributed to owners or shareholders											
3. Others									-21,801,000.00	-21,801,000.00	-21,801,000.00
(IV) Internal carry-forward of shareholders' 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 current period	72,358,900.00				832,177,309.37	22,366,848.64			38,399,577.13	277,528,906.80	1,198,097,844.66

The accompanying notes form an integral part of these financial statements.

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Parent Company's Statement of Changes in Shareholders' Equity

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Item	Other equity instruments					Prior period				Total shareholders' equity	
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves		Retained earnings
Balance as at the end of the previous year											
Add: changes in accounting policies											
Correction of accounting errors in prior year											
Others											
I. Balance as at the beginning of the current year	74,600,300.00				871,230,628.64	12,587,011.74			38,399,577.13	284,123,941.46	1,255,767,435.49
Increases/decreases in the current period ("+" for decreases)											
(I) Total comprehensive income											
(II) Capital contributed or decreased by owners											
1. Common stock contributed by owners					-8,566,709.51	-9,440,179.03			7,004,259.62	29,384,349.62	7,877,729.14
2. Capital contributed by the holders of other equity instruments					-8,566,709.51	-9,440,179.03			29,384,349.62	873,469.52	873,469.52
3. Amounts of share-based payments recognised in shareholders' equity					-9,334,383.19	-9,440,179.03					105,795.84
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves									-22,380,090.00		-22,380,090.00
2. Profit distributed to owners or shareholders											
3. Others									-22,380,090.00		-22,380,090.00
(IV) Internal carry-forward of shareholders' 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											
V. Balance as at the end of the current period	74,600,300.00				862,663,919.13	3,146,832.71			38,399,577.13	291,128,201.08	1,263,645,164.63

The accompanying notes form an integral part of these financial statements.

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

1 Company profile

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

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

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

As at 30 June 2025, the Company’s accumulative total issued share capital was 72,358,900 shares and the Company’s registered capital was RMB72,358,900.

The registered address is at Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang, the PRC, and the headquarters address is at Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang, the PRC.

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

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

2 Basis for preparation of the financial statements

2.1 Basis for preparation

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

The financial statements are prepared and have disclosed relevant financial information in accordance with the requirements of the *Accounting Standard for Business Enterprises No. 32 – Interim Financial Report* issued by the Ministry of Finance.

The accounting policies adopted in these financial statements are consistent with those adopted in the Group’s financial statements for the year 2024. The interim financial statements of the Group shall be read together with the financial statements for the year 2024.

2.2 Going concern

The financial statements are prepared on a going concern basis.

2.3 Statements of compliance with the Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and the parent company’s financial position of the Company as at 30 June 2025, and the consolidated and the parent company’s operating results and cash flows for the year then ended.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

3 Taxation

3.1 Main tax types and tax rates

Tax type	Basis of tax assessment	Tax rate
Value-added tax	Value-added tax payable shall be the difference obtained by the output taxes calculated based on the income from the sale of goods and taxable services as computed by tax laws less the input taxes allowed to be deducted for the current period	3%, 6% or 13%
City maintenance and construction tax	The amount of VAT actually paid	7%
Educational surcharge	The amount of VAT actually paid	3%
Local educational surcharge	The amount of VAT actually paid	2%
Enterprise income tax	Based on taxable income	15% or 25%
Property tax	70% of the original value of the property or the rental income	1.2% or 12%

Notes to disclosure of enterprises with different enterprise income tax rates

Taxpayer	Income tax rate
Wenzhou Kangning Hospital Co., Ltd.	15%
Zhejiang Jerinte Health Technology Co., Ltd.	15%

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

3 Taxation (*Continued*)

3.2 Tax preferences

1. Pursuant to the relevant requirements under the *Circular on the Overall Promotion of Pilot Program of Levying VAT in Place of Business Tax* (Cai Shui [2016] No. 36) jointly issued by the Ministry of Finance and the State Taxation Administration, the Company and its subsidiaries comply with the provisions of the *Administrative Measures on Medical Institutions* (Order of the State Council No. 149) issued by the State Council and the *Implementation Measures of the Administrative Measures on Medical Institutions* (Order of the Ministry of Health No. 35) issued by the Ministry of Health and the medical services provided by them are exempted from value-added tax upon the registration and obtaining the Medical Institution Practicing License
2. Pursuant to relevant tax regulations, during the Reporting Period, the income from judicial forensic services provided by the Wenzhou Kangning Judicial Forensic Centre, a subsidiary of the Company, shall be subject to VAT at the rate of 3%
3. Pursuant to the *Measures for the Implementation of the Pilot Plan for Levying VAT in Place of Business Tax under the Circular on the Overall Promotion of Pilot Program of Levying VAT in Place of Business Tax* (Cai Shui [2016] No. 36) jointly issued by the Ministry of Finance and the State Taxation Administration, during the Reporting Period, the income from rendering of management and consultation services provided by the Company and its subsidiaries was subject to VAT at the rate of 6% or a levy rate of 3%.
4. On 6 December 2024, the Company obtained the High-tech Enterprise Certificate (No. GR202433013060) issued by the Department of Science and Technology Department of Zhejiang Province, with a term of validity of 3 years. Under Article 28 of the Enterprise Income Tax Law of the People's Republic of China, the Company was subject to the reduced enterprise income tax rate of 15% from 1 January 2024 to 31 December 2026.
5. On 8 December 2023, Zhejiang Jerinte Health Technology Co., Ltd., a subsidiary of the Company, obtained the High-tech Enterprise Certificate (No. GR202333001809) issued by the Science and Technology Department of Zhejiang Province, with a term of validity of 3 years. Under Article 28 of the Enterprise Income Tax Law of the People's Republic of China, the Company was subject to the reduced enterprise income tax rate of 15% from 1 January 2023 to 31 December 2025.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

3 Taxation (*Continued*)

3.2 Tax preferences (*Continued*)

6. According to the *Announcement on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individually-Owned Businesses* (Announcement of the Ministry of Finance and the State Taxation Administration [2023] No.12): Small and low-profit enterprises shall be subject to the policy, under which they shall have their taxable income calculated at a reduced rate of 25% and their enterprise income tax shall be levied at a tax rate of 20%. This policy will be extended until 31 December 2027. During the reporting period, the subsidiaries of the Company was recognised as a small and micro enterprise, the taxable income was calculated at a reduced rate of 25% and its enterprise income tax was levied at a rate of 20%.

4 Notes to main items of the consolidated financial statements

Note: Balance as at the end of the previous year in the notes to the financial statements refers to the amount in the financial statements as at 31 December 2024 (audited), and balance as at the end of the period refers to the amount in the financial statements as at 30 June 2025 (unaudited), the current period refers to the six months ended 30 June 2025 (unaudited), and the previous period refers to the six months ended 30 June 2024 (unaudited).

4.1 Cash at bank and on hand

Item	Balance as at the end of the period	Balance as at the end of the previous year
Cash on hand	195,546.26	192,804.35
Bank deposits	333,487,756.44	255,642,342.05
Other cash at bank and on hand	6,549,197.62	5,913,864.22
Total	340,232,500.32	261,749,010.62

Other description:

At the end of the period, the Company's restricted cash included a total of RMB7,125,864.53, including bank acceptance bill margins, performance bonds, etc., as detailed in Note 4.20.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.2 Financial assets held for trading

Item	Balance as at the end of the period	Balance as at the end of the previous year
Financial assets measured at fair value through the current profit or loss	21,325,265.41	7,938,322.41
Including: equity instrument investments	8,255,855.31	7,938,322.41
Others	13,069,410.10	
Total	21,325,265.41	7,938,322.41

4.3 Notes receivable

4.3.1 Presentation of notes receivable by category

Item	Balance as at the end of the period	Balance as at the end of the previous year
Bank acceptance bills		663,798.83
Total		663,798.83

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.3 Notes receivable (*Continued*)

4.3.2 Disclosure under methods of provision for bad debts by category

Category	Balance as at the end of the period					Balance as at the end of the previous year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Proportion		Proportion of provision			Proportion		Proportion of provision		
	Amount	(%)	Amount	(%)	Book value	Amount	(%)	Amount	(%)	Book value
Provision for bad debts by portfolio with the credit risk characteristics						663,798.83	100.00			663,798.83
Including:										
Portfolio of bank acceptance bill						663,798.83	100.00			663,798.83
Total						663,798.83	100.00			663,798.83

4.4 Accounts receivable

4.4.1 Disclosure of accounts receivable by aging

Aging	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year	421,328,650.72	576,106,513.42
1 – 2 years	14,920,000.69	20,258,896.20
2 – 3 years	8,630,741.66	4,413,821.89
Over 3 years	6,457,744.18	4,766,339.71
Sub-total	451,337,137.25	605,545,571.22
Less: provision for bad debts	31,424,478.83	33,732,614.25
Total	419,912,658.42	571,812,956.97

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.4 Accounts receivable (*Continued*)

4.4.2 Disclosure by category of accounts receivable under method of provision for bad debts

Type	Balance as at the end of the period					Balance as at the end of the previous year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on an individual basis	14,298,993.08	3.17	10,202,247.81	71.35	4,096,745.27	12,375,105.95	2.04	12,337,791.47	99.70	37,314.48
Including:										
Medical fees due from patients	14,298,993.08	3.17	10,202,247.81	71.35	4,096,745.27	12,375,105.95	2.04	12,337,791.47	99.70	37,314.48
Provision for bad debts by portfolio with the credit risk characteristics	437,038,144.17	96.83	21,222,231.02	4.86	415,815,913.15	593,170,465.27	97.96	21,394,822.78	3.61	571,775,642.49
Including:										
Portfolio of overdue days	437,038,144.17	96.83	21,222,231.02	4.86	415,815,913.15	593,170,465.27	97.96	21,394,822.78	3.61	571,775,642.49
Total	451,337,137.25	100.00	31,424,478.83	/	419,912,658.42	605,545,571.22	100.00	33,732,614.25	/	571,812,956.97

Significant accounts receivable with individual provision for bad debts:

Name	Balance as at the end of the period				Balance as at the end of the previous year	
	Book balance	Provision for bad debts	Proportion of provision (%)	Basis of provision	Book balance	Provision for bad debts
Medical fees due from patients	14,298,993.08	10,202,247.81	71.35	Provision for bad debts for lifetime expected credit loss	12,375,105.95	12,337,791.47
Total	14,298,993.08	10,202,247.81	/	/	12,375,105.95	12,337,791.47

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.4 Accounts receivable (*Continued*)

4.4.2 Disclosure by category of accounts receivable under method of provision for bad debts (*Continued*)

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

Item accrued on a portfolio basis:

Name	Balance as at the end of the period		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Portfolio of overdue days	437,038,144.17	21,222,231.02	4.86
Total	437,038,144.17	21,222,231.02	/

4.4.3 Provision, reversal or recovery of provision for bad debts in the current period

Type	Balance as at the end of the previous year	Changes in the current period				Balance as at the end of the period
		Provision	Recovery or reversal	Written-back or written-off	Other changes	
Provision for bad debts accrued on an individual basis	12,337,791.47	378,773.79		2,514,317.45		10,202,247.81
Provision for bad debts accrued on a portfolio basis	21,394,822.78		216,979.05		44,387.29	21,222,231.02
Total	33,732,614.25	378,773.79	216,979.05	2,514,317.45	44,387.29	31,424,478.83

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.4 Accounts receivable (*Continued*)

4.4.4 Accounts receivable actually charged off in the current period

Item	Charge-off amount
Accounts receivable actually charged off	2,514,317.45

In which, charge-off of significant accounts receivable:

Enterprise name	Nature of accounts receivable	Charge-off amount	Reason for charge-off	Charge-off procedures performed	Whether it is due to the related transaction
Medical fees due from patients	Receivables from patients	2,514,317.45	Aging of more than 3 years	Upon the approval of the management	No
Total		2,514,317.45			

4.5 Advances to suppliers

Presentation of advances to suppliers by aging

Aging	Balance as at the end of the period		Balance as at the end of the previous year	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	27,459,450.21	99.99	14,660,777.90	99.64
1 – 2 years			53,185.34	0.36
2 – 3 years	2,016.98	0.01		
Total	27,461,467.19	100.00	14,713,963.24	100.00

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.6 Other receivables

Item	Balance as at the end of the period	Balance as at the end of the previous year
Interest receivable	787,500.00	787,500.00
Dividends receivable		
Other receivables	98,482,139.12	80,567,441.59
Total	99,269,639.12	81,354,941.59

4.6.1 Interest receivable

(1) Classification of interest receivable

Item	Balance as at the end of the period	Balance as at the end of the previous year
Time deposits	787,500.00	787,500.00
Sub-total	787,500.00	787,500.00
Less: provision for bad debts		
Total	787,500.00	787,500.00

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.6 Other receivables (*Continued*)

4.6.2 Other receivables

(1) Disclosure by aging

Aging	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year	36,675,877.81	25,849,875.86
1 – 2 years	25,475,912.36	49,150,437.26
2 – 3 years	27,895,925.57	12,039,651.89
3 – 4 years	18,147,350.71	8,603,521.35
4 – 5 years	2,850,079.24	4,769,598.96
Over 5 years	3,825,842.58	4,306,969.79
Sub-total	114,870,988.27	104,720,055.11
Less: provision for bad debts	16,388,849.15	24,152,613.52
Total	98,482,139.12	80,567,441.59

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.6 Other receivables (*Continued*)

4.6.2 Other receivables (*Continued*)

(2) Disclosure under the methods of provision for bad debts by category

Category	Balance as at the end of the period					Balance as at the end of the previous year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion	Amount	Proportion	Book value	Amount	Proportion	Amount	Proportion	Book value
		(%)		of provision			(%)		of provision	
				(%)					(%)	
Provision for bad debts										
accrued on an individual										
basis	13,694,758.77	11.92	13,694,758.77	100.00		21,694,758.77	20.72	21,694,758.77	100.00	
Including:										
Hangzhou Yining Hospital										
Co., Ltd.						8,000,000.00	7.64	8,000,000.00	100.00	
Sichuan Hongji										
Pharmaceutical Co., Ltd.	10,204,311.69	8.88	10,204,311.69	100.00		10,204,311.69	9.74	10,204,311.69	100.00	
Wang Changsheng	3,490,447.08	3.04	3,490,447.08	100.00		3,490,447.08	3.33	3,490,447.08	100.00	
Provision for bad debts by										
portfolio with the credit										
risk characteristics	101,176,229.50	88.08	2,694,090.38	2.66	98,482,139.12	83,025,296.34	79.28	2,457,854.75	2.96	80,567,441.59
Including:										
Portfolio of the nature										
and characteristics of										
payments	101,176,229.50	88.08	2,694,090.38	2.66	98,482,139.12	83,025,296.34	79.28	2,457,854.75	2.96	80,567,441.59
Total	114,870,988.27	100.00	16,388,849.15	/	98,482,139.12	104,720,055.11	100.00	24,152,613.52	/	80,567,441.59

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements *(Continued)*

4.6 Other receivables *(Continued)*

4.6.2 Other receivables *(Continued)*

(2) Disclosure under the methods of provision for bad debts by category *(Continued)*

Significant other receivables with individual provision for bad debts:

Name	Balance as at the end of the period				Balance as at the end of the previous year	
	Book balance	Provision for bad debts	Proportion of provision (%)	Basis of provision	Book balance	Provision for bad debts
Hangzhou Yining Hospital Co., Ltd.				Measurement of provision for bad debts for lifetime expected credit loss	8,000,000.00	8,000,000.00
Sichuan Hongji Pharmaceutical Co., Ltd.	10,204,311.69	10,204,311.69	100.00	Expected to be difficult to recover	10,204,311.69	10,204,311.69
Wang Changsheng	3,490,447.08	3,490,447.08	100.00	Expected to be difficult to recover	3,490,447.08	3,490,447.08
Total	13,694,758.77	13,694,758.77	/	/	21,694,758.77	21,694,758.77

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

Item accrued on a portfolio basis:

Name	Balance as at the end of the period		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Portfolio of the nature and characteristics of payments	101,176,229.50	2,694,090.38	2.66
Total	101,176,229.50	2,694,090.38	/

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.6 Other receivables (*Continued*)

4.6.2 Other receivables (*Continued*)

(3) Information of provision for bad debts

	Stage I	Stage II	Stage III	
	Expected credit loss in the next 12 months	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	Total
Provision for bad debts				
Balance as at the end of the previous year	2,457,854.75		21,694,758.77	24,152,613.52
In current period, balance as at the end of the previous year				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Provision in the current period	617,967.49			617,967.49
Reversal in the current period	396,644.67		8,000,000.00	8,396,644.67
Written back in the current period				
Written off in the current period	2,000.00			2,000.00
Other changes				
Balance as at the end of the period	2,694,090.38		13,694,758.77	16,388,849.15

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.6 Other receivables (*Continued*)

4.6.2 Other receivables (*Continued*)

(3) Information of provision for bad debts (*Continued*)

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

	Stage I	Stage II	Stage III	
		Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	Total
Book balance	Expected credit losses in the next 12 months			
Balance as at the end of the previous year	83,025,296.34		21,694,758.77	104,720,055.11
In current period, balance as at the end of the previous year				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Addition for the current period	18,150,933.16			18,150,933.16
Derecognised in the current period			8,000,000.00	8,000,000.00
Other changes				
Balance as at the end of the period	101,176,229.50		13,694,758.77	114,870,988.27

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.6 Other receivables (*Continued*)

4.6.2 Other receivables (*Continued*)

(4) Provision for bad debts provided for, reversed or recovered in the current period

Category	Balance as at the end of the previous year	Changes in the current period				Balance as at the end of the period
		Provision	Recovery or reversal	Write-off or charge-off	Other changes	
Provision for bad debts accrued on an individual basis	21,694,758.77		8,000,000.00			13,694,758.77
Provision for bad debts accrued on a portfolio basis	2,457,854.75	617,967.49	396,644.67	2,000.00		2,694,090.38
Total	24,152,613.52	617,967.49	8,396,644.67	2,000.00		16,388,849.15

(5) Other receivables actually charged off in the current period

Item	Amount charged off
Other receivables actually charged off	2,000.00

(6) Classification of other receivables by the nature of payment

Nature of payment	Book balance as at the end of the year	Book balance as at the end of the previous year
Deposit and security deposit	41,187,790.05	19,433,847.49
Staff loans	36,116,029.82	38,067,000.00
Loans		3,878,281.89
Advanced payment	48,709.70	256,914.93
Receivables from related parties	33,163,920.31	39,121,016.95
Others	4,354,538.39	3,962,993.85
Total	114,870,988.27	104,720,055.11

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.7 Inventories

Category	Balance as at the end of the period			Balance as at the end of the previous year		
	Book balance	Provision for inventory depreciation/ Provision for impairment of contract performance cost	Book value	Book balance	Provision for inventory depreciation/ Provision for impairment of contract performance cost	Book value
Revolving materials	1,613,330.77		1,613,330.77	657,701.74		657,701.74
Commodities dispatched	4,122,566.17		4,122,566.17	1,819,908.26		1,819,908.26
Stock commodities	43,901,765.62		43,901,765.62	48,151,521.38		48,151,521.38
Total	49,637,662.56		49,637,662.56	50,629,131.38		50,629,131.38

4.8 Other current assets

Item	Balance as at the end of the period	Balance as at the end of the previous year
Input tax to be deducted	8,631,560.30	3,761,468.41
Enterprise income tax prepaid	12,210.28	
Deferred expenses	1,237,515.04	2,097,885.50
Total	9,881,285.62	5,859,353.91

4.9 Long-term accounts receivables

Item	Balance as at the end of the period			Balance as at the end of the previous year		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Interval for discount rate
Receivables on equity transfer				14,000,000.00		14,000,000.00
Total				14,000,000.00		14,000,000.00

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (Continued)

4.10 Long-term equity investments

Investee	Balance as at the end of the previous year	Balance of provision for impairment as at the end of the previous year	Increase/decrease in current year					Provision for impairment at the end of the period	
			Profit or loss on investments recognised under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be distributed	Others		
Associates									
Hangzhou Anken Medical Technology Co., Ltd. ("Hangzhou Anken Medical Technology")	6,889,165.91		1,733,956.37					8,603,122.28	
Wenzhou Longwan Yining Hospital Co., Ltd. ("Wenzhou Longwan Yining Hospital")	56,424,778.61		-207,831.29					56,216,947.32	
Shaanxi Shanda Hospital Management Consulting Co., Ltd. ("Shaanxi Shanda")	21,989,636.75		-626,023.17					21,363,613.58	
Chongqing Hechuan Kangning Hospital Co., Ltd. ("Chongqing Hechuan Kangning Hospital")	16,992,584.03	10,745,274.26	-1,710,890.90		8,000,000.00			7,281,693.13	5,983,353.47
Zhejiang Fengsheng Nutrition Technology Co., Ltd. ("Fengsheng Nutrition Technology")	4,911,260.44		-298,297.84					4,612,962.60	
Wenzhou Ouyue Health Management Co., Ltd. ("Wenzhou Ouyue Health")	2,971,833.72	1,200,000.00	-97,071.24					4,074,762.48	
Hangzhou Yining Mental Health Management Co., Ltd. ("Hangzhou Yining Mental")									
Total	110,159,259.46	10,745,274.26	-1,206,156.07		8,000,000.00			102,153,101.39	5,983,353.47

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.10 Long-term equity investments (*Continued*)

Other description:

1. In May 2025, Chongqing Hechuan Kangning Hospital reduced its capital by RMB20,000,000.00 in accordance with the resolution of the shareholders' meeting according to the shareholders' shareholding ratio, of which the Company was entitled to a capital reduction of RMB8,000,000.00 based on its 40% shareholding ratio, resulting in a corresponding reduction of the long-term equity investments by RMB8,000,000.00 and the corresponding provision for impairment of the long-term equity investments by RMB4,761,920.79.
2. In June 2025, pursuant to the resolution of the shareholders' meeting of Wenzhou Ouyue Health, the Company injected RMB1,200,000 to Wenzhou Ouyue Health. After the injection, the Company held 41.67% equity in Wenzhou Ouyue Health.
3. In April 2025, the Company entered into an equity transfer agreement with the individual investors, pursuant to which the Company agreed to transfer 27% of its equity interest in Hangzhou Yining Mental for a total consideration of RMB270,000. After the transaction, the Company gained investment income of RMB270,000.

4.11 Other non-current financial assets

Item	Balance as at the end of the period	Balance as at the end of the previous year
Financial assets measured at fair value through the current profit or loss	36,804,698.26	36,755,116.10
Including: equity instrument investments	36,804,698.26	36,755,116.10
Total	36,804,698.26	36,755,116.10

4.12 Fixed assets

4.12.1 Fixed assets and disposal of fixed assets

Item	Balance as at the end of the period	Balance as at the end of the previous year
Fixed assets	874,140,219.23	889,544,442.13
Disposal of fixed assets		
Total	874,140,219.23	889,544,442.13

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (Continued)

4.12 Fixed assets (Continued)

4.12.2 Breakdown of fixed assets

Item	Buildings and constructions	Medical equipment	Transportation facilities	Electronic and other equipment	Fixed assets acquired under leaseback after sale and finance lease	Total
1. Original book value						
(1) Balance as at the end of the previous year	979,979,414.92	86,353,056.93	13,125,329.74	76,920,085.06	92,932,472.62	1,249,310,359.27
(2) Increase in the current period	379,518.29	12,177,316.32	1,227,958.34	7,116,906.53		20,901,699.48
– Purchase	379,518.29	5,576,860.91	557,893.71	4,591,290.58		11,105,563.49
– Increase due to business combination		6,600,455.41	670,064.63	2,525,615.95		9,796,135.99
(3) Decrease in the current period	3,700.00	9,828,756.73	159,021.00	1,334,437.32	2,161,074.07	13,486,989.12
– Disposal or scrapping	3,700.00	9,828,756.73	159,021.00	1,334,437.32	2,161,074.07	13,486,989.12
(4) Balance as at the end of the period	980,355,233.21	88,701,616.52	14,194,267.08	82,702,554.27	90,771,398.55	1,256,725,069.63
2. Accumulated depreciation						
(1) Balance as at the end of the previous year	163,887,790.06	66,525,538.38	9,626,358.93	58,754,632.61	60,971,597.16	359,765,917.14
(2) Increase in the current period	14,649,924.47	10,611,190.05	1,275,299.14	7,538,916.05	1,726,023.67	35,801,353.38
– Provision	14,649,924.47	5,120,750.27	772,756.35	5,354,174.25	1,726,023.67	27,623,629.01
– Increase due to business combination		5,490,439.78	502,542.79	2,184,741.80		8,177,724.37
(3) Decrease in the current period		9,394,172.53	151,069.95	1,276,636.91	2,160,540.73	12,982,420.12
– Disposal or scrapping		9,394,172.53	151,069.95	1,276,636.91	2,160,540.73	12,982,420.12
(4) Balance as at the end of the period	178,537,714.53	67,742,555.90	10,750,588.12	65,016,911.75	60,537,080.10	382,584,850.40
3. Provision for impairment						
(1) Balance as at the end of the previous year						
(2) Increase in the current period						
(3) Decrease in the current period						
(4) Balance as at the end of the period						
4. Book value						
(1) Book value as at the end of the period	801,817,518.68	20,959,060.62	3,443,678.96	17,685,642.52	30,234,318.45	874,140,219.23
(2) Book value as at the end of the previous year	816,091,624.86	19,827,518.55	3,498,970.81	18,165,452.45	31,960,875.46	889,544,442.13

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.13 Construction in progress

4.13.1 Construction in progress and project materials

Item	Balance as at the end of the period		Balance as at the end of the previous year	
	Book balance	Provision for impairment Book value	Book balance	Provision for impairment Book value
Construction in progress	238,348,770.46	238,348,770.46	185,164,227.10	185,164,227.10
Project materials				
Total	238,348,770.46	238,348,770.46	185,164,227.10	185,164,227.10

4.13.2 Details of construction in progress

Item	Balance as at the end of the period		Balance as at the end of the previous year	
	Book balance	Provision for impairment Book value	Book balance	Provision for impairment Book value
The construction project of Lucheng Yining Hospital	179,058,216.25	179,058,216.25	159,409,044.58	159,409,044.58
The construction project of Longquan Kangning Hospital	52,516,696.66	52,516,696.66	24,326,199.34	24,326,199.34
The renovation and expansion project of Wenzhou Kangning Hospital	2,850,137.96	2,850,137.96		
The decoration project of Chengdu Yining Hospital	1,756,128.00	1,756,128.00	867,174.00	867,174.00
The decoration project of Quzhou Yining Hospital	1,134,241.96	1,134,241.96		
Other minor decoration projects	1,033,349.63	1,033,349.63	561,809.18	561,809.18
Total	238,348,770.46	238,348,770.46	185,164,227.10	185,164,227.10

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (Continued)

4.13 Construction in progress (Continued)

4.13.3 Changes in important construction projects in progress in current period

Project name	Budget (RMB 0,000)	Balance as at the end of the previous year	Increase in current period	Amount transferred to fixed assets in current period	Other decreases in current period	Balance as at the end of the period	Proportion of accumulated project investment in budget (%)	Project progress (%)	Accumulated capitalised amount of interest	Including: capitalization amount of interest in current period	Capitalization rate of interest in the current period (%)	Source of funds
The construction project of Lucheng Yining Hospital												
	18,880.91	159,409,044.58	19,649,171.67			179,058,216.25	95.85	95.00	9,282,993.83	1,059,176.91	1.83	Self-owned funds and long-term borrowings
The construction project of Longquan Kangning Hospital												
	8,754.00	24,326,199.34	28,190,497.32			52,516,696.66	60.00	60.00				Self-owned funds
Total		183,735,243.92	47,839,668.99			231,574,912.91	/	/	9,282,993.83	1,059,176.91		

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.14 Right-of-use assets

Item	Buildings and constructions	Total
1. Original book value		
(1) Balance as at the end of the previous year	307,410,601.64	307,410,601.64
(2) Increase in the current period	69,360,017.84	69,360,017.84
– Newly-added leases	13,650,871.74	13,650,871.74
– Increase due to business combination	53,484,895.22	53,484,895.22
– Revaluation adjustment	2,224,250.88	2,224,250.88
(3) Decrease in the current period	11,621,487.28	11,621,487.28
– Termination of the lease	11,621,487.28	11,621,487.28
(4) Balance as at the end of the period	365,149,132.20	365,149,132.20
2. Accumulated depreciation		
(1) Balance as at the end of the previous year	145,589,157.08	145,589,157.08
(2) Increase in the current period	33,272,568.68	33,272,568.68
– Provision	17,436,605.58	17,436,605.58
– Increase due to business combination	15,835,963.10	15,835,963.10
(3) Decrease in the current period	6,930,184.36	6,930,184.36
– Disposal	6,930,184.36	6,930,184.36
(4) Balance as at the end of the period	171,931,541.40	171,931,541.40
3. Provision for impairment		
(1) Balance as at the end of the previous year		
(2) Increase in the current period		
(3) Decrease in the current period		
(4) Balance as at the end of the period		
4. Book value		
(1) Book value as at the end of the period	193,217,590.80	193,217,590.80
(2) Book value as at the end of the previous year	161,821,444.56	161,821,444.56

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.15 Intangible assets

Item	Land use right	Trademark right	Software	Medical practicing qualification	Contractual right to provide management services	Total
1. Original book value						
(1) Balance as at the end of the previous year	158,746,648.48	3,061,637.13	16,037,718.87	216,837,000.00	32,400,000.00	427,083,004.48
(2) Increase in the current period			2,421,753.00	23,000,000.00		25,421,753.00
– Purchase			1,287,783.00			1,287,783.00
– Increase due to business combination			1,133,970.00	23,000,000.00		24,133,970.00
(3) Decrease in the current period			7,832.64			7,832.64
– Disposal			7,832.64			7,832.64
(4) Balance as at the end of the period	158,746,648.48	3,061,637.13	18,451,639.23	239,837,000.00	32,400,000.00	452,496,924.84
2. Accumulated amortisation						
(1) Balance as at the end of the previous year	23,725,212.01	1,404,895.19	10,123,731.63	87,868,373.39	12,425,000.00	135,547,212.22
(2) Increase in the current period	1,710,596.22	193,534.59	1,785,613.07	7,420,813.06	864,285.72	11,974,842.66
– Provision	1,710,596.22	193,534.59	649,143.11	7,420,813.06	864,285.72	10,883,372.70
– Increase due to business combination			1,091,469.96			1,091,469.96
(3) Decrease in the current period			4,082.64			4,082.64
– Disposal			4,082.64			4,082.64
(4) Balance as at the end of the period	25,435,808.23	1,598,429.78	11,905,262.06	95,289,186.45	13,289,285.72	147,517,972.24
3. Provision for impairment						
(1) Balance as at the end of the previous year						
(2) Increase in the current period						
(3) Decrease in the current period						
(4) Balance as at the end of the period						
4. Book value						
(1) Book value as at the end of the period	133,310,840.25	1,463,207.35	6,546,377.17	144,547,813.55	19,110,714.28	304,978,952.60
(2) Book value as at the end of the previous year	135,021,436.47	1,656,741.94	5,913,987.24	128,968,626.61	19,975,000.00	291,535,792.26

Other notes:

As of 30 June 2025, the fixed assets with the book value of RMB95,800,309.84 are used for bank loan collateral. See Note 4.20 for details.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.16 Goodwill

4.16.1 Changes in goodwill

Name of the investee or matters forming goodwill	Balance as at the end of the previous year	Increase in the current period		Decrease in the current period		Balance as at the end of the period
		Amount formed through business combination	Others	Disposal	Others	
Original book value						
Nanjing Yining Hospital Co., Ltd.	9,271,800.00					9,271,800.00
Heze Yining Psychiatric Hospital Co., Ltd.	690,331.47					690,331.47
Guaxian Yining Hospital Co., Ltd.	1,549,022.38					1,549,022.38
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	7,784,850.00					7,784,850.00
Beijing Yining Hospital Co., Ltd.	22,987,331.04					22,987,331.04
Wenzhou Yixin Health Technology Co., Ltd.	151,048.40					151,048.40
Huainan Kangning Hospital Co., Ltd.	5,068,959.78					5,068,959.78
Changchun Kanglin Psychological Hospital Co., Ltd.	6,843,288.91					6,843,288.91
Wenzhou Cining Hospital Co., Ltd.	19,416,285.97					19,416,285.97
Pingyang Changgeng Yining Hospital Co., Ltd.	51,770,194.67					51,770,194.67
Hangzhou Yining Nursery Service Co., Ltd.	1,272,643.00					1,272,643.00
Jinyun Shuning Hospital Co., Ltd.	5,060,323.85					5,060,323.85
Loudi City Kangle Kangning Hospital Co., Ltd.	283,528.10					283,528.10
Dongkou Lening Hospital Co., Ltd.	2,502,854.13					2,502,854.13
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	9,564,442.65					9,564,442.65
Wenzhou Anken Pharmacy Co., Ltd.	228,538.31					228,538.31
Hangzhou Yining Hospital Co., Ltd.		13,040,499.13				13,040,499.13
Sub-total	144,445,442.66	13,040,499.13				157,485,941.79
Provision for impairment						
Beijing Yining Hospital Co., Ltd.	22,987,331.04					22,987,331.04
Guaxian Yining Hospital Co., Ltd.	1,549,022.38					1,549,022.38
Jinyun Shuning Hospital Co., Ltd.	5,060,323.85					5,060,323.85
Heze Yining Psychiatric Hospital Co., Ltd.	690,331.47					690,331.47
Sub-total	30,287,008.74					30,287,008.74
Book value	114,158,433.92	13,040,499.13				127,198,933.05

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.16 Goodwill (*Continued*)

4.16.2 Information on the composition of the asset group or combination of asset groups to which the goodwill belongs and the operating segment to which it belongs

Monetary unit: RMB'0,000

Name	Composition and basis of asset group or combination of asset groups	Balance as at the end of the period	Whether to be consistent with that adopted in the previous year
Nanjing Yining Hospital Co., Ltd.	Independent operation and generation of cash flows	57.98	Yes
Heze Yining Psychiatric Hospital Co., Ltd.	Independent operation and generation of cash flows	497.06	Yes
Guanxian Yining Hospital Co., Ltd.	Independent operation and generation of cash flows	469.04	Yes
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	Independent operation and generation of cash flows	139.48	Yes
Beijing Yining Hospital Co., Ltd.	Independent operation and generation of cash flows	22.34	Yes
Wenzhou Yixin Health Technology Co., Ltd.	Independent operation and generation of cash flows	3.08	Yes
Huainan Kangning Hospital Co., Ltd.	Independent operation and generation of cash flows	35.19	Yes
Changchun Kanglin Psychological Hospital Co., Ltd.	Independent operation and generation of cash flows	948.50	Yes
Wenzhou Cining Hospital Co., Ltd.	Independent operation and generation of cash flows	1,022.89	Yes
Pingyang Changgeng Yining Hospital Co., Ltd.	Independent operation and generation of cash flows	9,143.25	Yes
Hangzhou Yining Nursery Service Co., Ltd.	Independent operation and generation of cash flows	153.26	Yes
Jinyun Shuning Hospital Co., Ltd.	Independent operation and generation of cash flows	6,874.03	Yes
Loudi City Kangle Kangning Hospital Co., Ltd.	Independent operation and generation of cash flows	1,570.54	Yes
Dongkou Lening Hospital Co., Ltd.	Independent operation and generation of cash flows	1,590.60	Yes
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	Independent operation and generation of cash flows	2,211.52	Yes
Wenzhou Anken Pharmacy Co., Ltd.	Independent operation and generation of cash flows		Yes
Hangzhou Yining Hospital Co., Ltd.	Independent operation and generation of cash flows	2,442.65	Yes

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.17 Long-term prepaid expenses

Item	Balance as at the end of the previous year	Increase in current period	Amortisation in current period	Other decreases	Balance as at the end of the period
Renovation expenses	150,250,686.78	4,189,316.28	19,082,099.48	450,523.22	134,907,380.36
Rental expenses	144,673.98	86,370.30	36,799.07	86,370.30	107,874.91
Others	11,670.72		11,670.72		
Total	150,407,031.48	4,275,686.58	19,130,569.27	536,893.52	135,015,255.27

4.18 Deferred tax assets and deferred tax liabilities

4.18.1 Deferred tax assets before offset

Item	Balance as at the end of the period		Balance as at the end of the previous year	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	22,255,829.57	4,611,043.39	26,538,427.87	5,287,300.54
Unrealised profits from internal transaction	30,738,732.68	7,684,683.19	40,937,273.96	10,234,318.49
Deductible losses	154,493,407.00	33,291,343.62	149,112,887.66	30,900,227.31
Lease liabilities	218,325,291.86	54,581,323.02	177,260,490.33	44,473,733.97
Share-based payments	60,943,170.31	9,141,475.55	58,128,415.43	8,720,971.12
Total	486,756,431.42	109,309,868.77	451,977,495.25	99,616,551.43

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.18 Deferred tax assets and deferred tax liabilities (*Continued*)

4.18.2 Deferred tax liabilities before offset

Item	Balance as at the end of the period		Balance as at the end of the previous year	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Asset evaluation increment from business combination not under common control	176,524,058.06	44,131,014.52	162,308,548.18	40,577,137.06
Changes in fair value of other non- financial assets	15,890,877.23	2,383,631.58	15,841,295.07	2,376,194.26
One-off additional deduction for fixed assets	363,477.54	66,892.75	561,601.28	116,423.68
Right-of-use assets	186,967,590.80	46,741,897.73	162,649,241.29	40,662,310.34
Total	379,746,003.63	93,323,436.58	341,360,685.82	83,732,065.34

4.18.3 Deferred tax assets or liabilities presented by net amount after offset

Item	As at the end of the year		As at the end of the previous year	
	Amount offset in deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after the offset	Amount offset in deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after the offset
Deferred tax assets	56,876,277.21	52,433,591.56	43,419,006.66	56,197,544.77
Deferred tax liabilities	56,876,277.21	36,447,159.37	43,419,006.66	40,313,058.68

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (Continued)

4.18 Deferred tax assets and deferred tax liabilities (Continued)

4.18.4 Details of unrecognised deferred tax assets

Item	Balance as at the end of the period	Balance as at the end of the previous year
Deductible temporary differences	25,557,498.41	8,368,159.52
Deductible losses	150,780,565.04	150,780,565.04
Total	176,338,063.45	159,148,724.56

4.18.5 Deductible losses of unrecognised deferred tax assets will become due in the following years

Years	Balance as at the end of the period	Balance as at the end of the previous year	Remark
2025	22,159,074.53	22,159,074.53	
2026	25,192,303.89	25,192,303.89	
2027	32,822,061.33	32,822,061.33	
2028	20,321,168.09	20,321,168.09	
2029	50,285,957.20	50,285,957.20	
Total	150,780,565.04	150,780,565.04	

4.19 Other non-current assets

Item	Balance as at the end of the period			Balance as at the end of the previous year		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepaid equity investment expenses	17,779,221.88		17,779,221.88	7,764,995.66		7,764,995.66
Prepayment for house and equipment	2,580,020.68		2,580,020.68	3,468,668.68		3,468,668.68
Total	20,359,242.56		20,359,242.56	11,233,664.34		11,233,664.34

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.20 Assets with restrictions on the ownership or use right

Item	As at the end of the period				As at the end of the previous year			
	Book balance	Book value	Type of restriction	Situation of restriction	Book balance	Book value	Type of restriction	Situation of restriction
Cash at bank and on hand	761,102.00	761,102.00	Freezing	Bank acceptance bill deposit	150,009.00	150,009.00	Freezing	Bank acceptance bill deposit
	5,000,000.00	5,000,000.00	Freezing	Performance bond	5,000,000.00	5,000,000.00	Freezing	Performance bond
	1,364,762.53	1,364,762.53	Freezing	Foreign exchange supervision account	1,364,131.55	1,364,131.55	Freezing	Foreign exchange supervision account
					2,125.91	2,125.91	Freezing	Lawsuit
Long-term equity investments	195,699,655.16	195,699,655.16	Pledge	Pledged borrowings	208,244,700.00	208,244,700.00	Pledge	Pledged borrowings
Fixed assets	90,771,398.55	30,234,318.45	Mortgage	Sale and leaseback	92,932,472.62	31,960,875.46	Mortgage	Sale and leaseback
	565,944,855.61	479,412,667.87	Mortgage	Mortgaged borrowings	308,835,922.00	277,405,475.89	Mortgage	Mortgaged borrowings
Intangible assets	109,986,113.59	95,800,309.84	Mortgage	Mortgaged borrowings	69,872,967.58	60,484,716.91	Mortgage	Mortgaged borrowings
Total	969,527,887.44	808,272,815.85			686,402,328.66	584,612,034.72		

4.21 Short-term borrowings

Item	Balance as at the end of the period	Balance as at the end of the previous year
Mortgaged borrowings	93,720,000.00	75,000,000.00
Guaranteed borrowings	12,000,000.00	16,000,000.00
Total	105,720,000.00	91,000,000.00

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.22 Financial liabilities held for trading

Item	Balance as at the end of the period	Balance as at the end of the previous year
Financial liabilities held for trading		14,000,000.00
Including: others		14,000,000.00
Total		14,000,000.00

4.23 Notes payable

Category	Balance as at the end of the period	Balance as at the end of the previous year
Bank acceptance bills	1,522,204.00	
Total	1,522,204.00	

4.24 Accounts payable

Aging analysis of accounts receivable by recording date is as follows:

Item	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year	107,175,017.18	127,861,415.20
1 – 2 years	10,050,287.93	3,124,361.77
2 – 3 years	1,133,185.78	751,141.60
Over 3 years	484,137.20	199,461.41
Total	118,842,628.09	131,936,379.98

As of 30 June 2025, there were no significant accounts payable aged over 1 year or overdue (31 December 2024: none).

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.25 Receipts in advance

Item	Balance as at the end of the period	Balance as at the end of the previous year
Advances from goods and medical treatment	29,594,023.47	21,319,198.39
Total	29,594,023.47	21,319,198.39

Significant receipts in advance with aging more than 1 year as at 30 June 2025 (31 December 2024: none).

4.26 Contract liabilities

Item	Balance as at the end of the period	Balance as at the end of the previous year
Contract consideration received	2,031,599.25	49,771.35
Less: included in other current liabilities	218,774.38	
Total	1,812,824.87	49,771.35

Other description:

Contract liabilities refer to the obligation to transfer goods to customers for contract consideration already received by the company.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.27 Employee benefits payable

4.27.1 Presentation of employee benefits payable

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Short-term compensation	82,608,332.00	302,233,858.83	321,493,800.18	63,348,390.65
Post-employment benefits – defined contribution plans	3,138,964.61	21,605,943.03	21,358,485.48	3,386,422.16
Total	85,747,296.61	323,839,801.86	342,852,285.66	66,734,812.81

4.27.2 Presentation of short-term compensation

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
(1) Salary, bonus, allowance and subsidies	80,188,073.48	267,286,336.08	286,357,208.02	61,117,201.54
(2) Employee welfare fees	459,887.66	11,578,071.55	11,835,726.96	202,232.25
(3) Social insurance premium	1,731,246.32	11,659,256.74	11,620,702.71	1,769,800.35
Including: medical insurance premiums	1,630,346.45	11,025,650.60	10,972,129.61	1,683,867.44
Work-related injury insurance premiums	100,899.87	606,494.50	621,461.46	85,932.91
Maternity insurance premiums		27,111.64	27,111.64	
(4) Housing provident funds	205,600.44	11,696,820.00	11,670,472.00	231,948.44
(5) Labor union expenditures and employee education funds	23,524.10	13,374.46	9,690.49	27,208.07
Total	82,608,332.00	302,233,858.83	321,493,800.18	63,348,390.65

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.27 Employee benefits payable (*Continued*)

4.27.3 Presentation of defined contribution plans

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Basic endowment insurance premiums	3,047,812.97	20,963,018.03	20,718,025.12	3,292,805.88
Unemployment insurance premiums	91,151.64	642,925.00	640,460.36	93,616.28
Total	3,138,964.61	21,605,943.03	21,358,485.48	3,386,422.16

According to Chinese regulations, the group participates in a statutory defined contribution retirement benefit plan (basic pension insurance) organised by the local government for its employees. Contributions are made based on employee salaries according to local government policies and regulations, at a specified ratio, and cannot be used to offset the Group's future contributions for its employees.

4.28 Taxes and surcharges payable

Taxes and surcharges	Balance as at the end of the period	Balance as at the end of the previous year
Value-added tax	1,330,755.93	1,253,541.90
Enterprise income tax	15,497,835.97	28,623,585.71
Individual income tax	1,227,210.89	1,280,818.51
Urban maintenance and construction tax	59,760.73	128,273.19
House property tax	2,784,918.85	6,799,424.03
Education surtax	43,237.84	65,721.04
Land use tax	236,795.94	778,342.55
Stamp duty	71,560.85	195,717.23
Environmental protection tax	1,140.00	2,121.00
Water conservancy fund	284.59	538.69
Total	21,253,501.59	39,128,083.85

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.29 Other payables

Item	Balance as at the end of the period	Balance as at the end of the previous year
Interest payable		1,919,729.45
Dividends payable	22,671,159.70	1,090,000.00
Other payables	50,075,780.13	78,277,703.70
Total	72,746,939.83	81,287,433.15

4.29.1 Interests payable

Item	Balance as at the end of the period	Balance as at the end of the previous year
Interest on long-term borrowings with interest paid by installments and principal paid on maturity date		1,919,729.45
Total		1,919,729.45

4.29.2 Dividend payable

Item	Balance as at the end of the period	Balance as at the end of the previous year
Common stock dividends payable	21,801,000.00	
Dividends payable to minority shareholders of subsidiaries	870,159.70	1,090,000.00
Total	22,671,159.70	1,090,000.00

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.29 Other payables (*Continued*)

4.29.3 Other payables

Item	Balance as at the end of the period	Balance as at the end of the previous year
Payables for long-term asset purchases	7,116,904.16	25,610,062.45
Equity purchase price payable	1,313,457.77	1,313,457.77
Accrued expenses	4,775,235.63	6,681,680.88
Deposit and security deposit	1,122,795.76	1,136,955.18
Current amounts	16,320,353.67	24,729,158.13
Loans	9,813,235.11	8,748,024.96
Payables to related parties	9,613,798.03	9,416,830.18
Others		641,534.15
Total	50,075,780.13	78,277,703.70

As of 30 June 2025, there were no significant other payables aged over 1 year or overdue.

4.30 Non-current liabilities due within one year

Item	Balance as at the end of the period	Balance as at the end of the previous year
Long-term borrowings due within one year	221,920,000.00	164,170,000.00
Long-term payables due within one year	33,567,546.82	38,367,421.50
Lease liabilities due within one year	33,380,665.86	26,733,022.63
Total	288,868,212.68	229,270,444.13

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.31 Other current liabilities

Item	Balance as at the end of the period	Balance as at the end of the previous year
Output tax to be carried forward	218,774.38	
Account payable endorsed without derecognition		615,218.00
Total	218,774.38	615,218.00

4.32 Long-term borrowings

Item	Balance as at the end of the period	Balance as at the end of the previous year
Pledged borrowings	76,500,000.00	78,500,000.00
Mortgaged borrowings	568,858,077.26	554,557,337.44
Guaranteed borrowings	254,810,000.00	222,130,000.00
Less: long-term borrowings due within one year	221,920,000.00	164,170,000.00
Total	678,248,077.26	691,017,337.44

4.33 Lease liabilities

Item	Balance as at the end of the period	Balance as at the end of the previous year
Lease liabilities	184,944,626.00	151,300,062.80
Total	184,944,626.00	151,300,062.80

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.34 Long-term payables

Item	Balance as at the end of the period	Balance as at the end of the previous year
Long-term payables	60,798,075.78	71,916,878.60
Special payables	10,080,000.00	4,320,000.00
Total	70,878,075.78	76,236,878.60

4.34.1 Long-term payables

Item	Balance as at the end of the period	Balance as at the end of the previous year
Account payable for finance lease	94,365,622.60	110,284,300.10
Including: unrealised financing expense	13,186,290.11	16,422,565.39
Less: long-term payables maturing within 1 year	33,567,546.82	38,367,421.50
Total	60,798,075.78	71,916,878.60

4.34.2 Special payables

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period	Forming reason
Government grants	4,320,000.00	5,760,000.00		10,080,000.00	Grants for the construction project of Longquan Kangning Hospital Subsidies
Total	4,320,000.00	5,760,000.00		10,080,000.00	/

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.35 Deferred income

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period	Forming reason
Government grants	8,430,307.00		151,896.00	8,278,411.00	Amortisation not completed yet
Total	8,430,307.00		151,896.00	8,278,411.00	/

4.36 Share capital

Item	Balance as at the end of the previous year	Changes in the current period ("+" for increase and "-" for decrease)					Balance as at the end of the period
		New shares issued	Share donation	Public reserve transferred to shares	Others	Subtotal	
Total shares	72,670,000.00				-311,100.00	-311,100.00	72,358,900.00

Other notes: during the period, the Company has repurchased and cancelled 311,100 H shares.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.37 Capital reserves

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Capital premium (share premium)	726,023,779.76		2,939,298.96	723,084,480.80
Other capital reserves				
– Share-based payments	48,854,883.98	2,831,843.05		51,686,727.03
– Other capital reserves	15,145,574.29			15,145,574.29
Total	790,024,238.03	2,831,843.05	2,939,298.96	789,916,782.12

Other description, including the description of changes in the current period and change reasons:

- (1) In accordance with the Company's H Share Award and Trust Scheme, a share-based compensation cost of RMB2,831,843.05 was recognised for the period and correspondingly recorded in other capital reserves, as detailed in Note 10.
- (2) According to the Proposal to Authorise the Board of Directors to Repurchase a Portion of H Shares deliberated and approved at the Annual General Meeting for 2023, the First H Share Class Meeting for 2024, and the First Domestic Share Class Meeting for 2024 held by the Company on 30 May 2024, the Company has repurchased and cancelled 311,100 H shares. The difference between the repurchase price and the par value of the shares resulted in a reduction of the share premium in the capital reserve by RMB2,939,298.96.

4.38 Treasury stock

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Shares of the Company acquired for the employee share ownership plans or share incentive	22,366,848.64			22,366,848.64
Total	22,366,848.64			22,366,848.64

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.39 Surplus reserves

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Statutory surplus reserves	38,399,577.13			38,399,577.13
Total	38,399,577.13			38,399,577.13

4.40 Retained earnings

Item	Amount for the current period	Amount for the previous period
Retained earnings at the end of the previous year before adjustment	344,285,828.01	311,956,229.16
Total adjustment to retained earnings at the beginning of the year ("+" for increase and "-" for decrease)		
Retained earnings at the beginning of the period after adjustment	344,285,828.01	311,956,229.16
Plus: net profit attributable to owners of the parent company in the current period	36,530,359.57	50,723,744.20
Less: withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserves		
Withdrawal of provision for general risk		
Common stock dividends payable	21,801,000.00	22,380,090.00
Common stock dividends transferred to share capital		
Retained earnings at the end of the period	359,015,187.58	340,299,883.36

Annual General Meeting of the Company for the year 2024 to be held on 30 June 2025 reviewed and approved the proposal on the 2024 Profit Distribution Plan, proposing that the Company would distribute a cash dividend of RMB3 (including tax) per 10 shares to all shareholders based on a total of 72,670,000 shares before the record date determined by the implementation of the 2024 final profit distribution plan, with a total cash dividend of RMB21,801,000 (including tax). The final dividend will be denominated and declared in RMB, payable in RMB to holders of domestic shares and in HKD to holders of H Shares, at an exchange rate of 0.91256, being the average benchmark exchange rate of HKD/RMB as published by the People's Bank of China for the five business days immediately preceding the date of declaration of the proposed final dividend.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.41 Revenue and cost of sales

4.41.1 Details of revenue and cost of sales

Item	Amount for the current period		Amount for the previous period	
	Income	Cost	Income	Cost
Primary business	690,902,820.42	523,893,300.01	765,636,198.08	555,217,793.42
Other business	47,658,804.91	25,440,894.13	63,321,355.63	47,582,667.69
Total	738,561,625.33	549,334,194.14	828,957,553.71	602,800,461.11

Breakdown of revenue:

Item	Amount for the current period	Amount for the previous period
Income from primary business	690,902,820.42	765,636,198.08
Treatments and healthcare services	690,902,820.42	765,636,198.08
Income from other businesses	47,658,804.91	63,321,355.63
Wholesale and retail income of pharmaceutical and equipment	28,287,517.76	41,715,643.36
Management services	1,485,148.52	7,958,001.19
Rent income	906,058.96	297,619.53
Others	16,980,079.67	13,350,091.55
Total	738,561,625.33	828,957,553.71

4.41.2 Notes to performance obligations

Item	Time for fulfillment of obligations	Significant payment terms	Nature of the Company's transfer of the promised goods	Whether the Company is acting as principal	Amounts assumed by the Company that are expected to be refunded to customer	Types of quality assurance provided by the Company and relevant obligations
Treatments and healthcare services	At a point in time as services are rendered	Bill settlement	Diagnosis, healthcare services	Yes	None	None

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.42 Taxes and surcharges

Item	Amount for the current period	Amount for the previous period
House property tax	3,786,940.26	4,886,926.23
Urban maintenance and construction tax	400,163.50	460,954.07
Educational surcharges	291,972.68	331,720.92
Land use tax	423,158.41	445,099.29
Stamp duty	203,170.66	130,348.60
Others	11,652.83	13,249.84
Total	5,117,058.34	6,268,298.95

4.43 Selling and distribution expenses

Item	Amount for the current period	Amount for the previous period
Employee benefits	1,717,804.62	5,264,561.40
Depreciation costs	21,434.73	99,249.43
Amortization of intangible assets	71.70	21,787.27
Amortization of long-term prepaid expenses	29,673.69	155,095.54
Business entertainment fees	127,110.28	435,531.57
Office expenses	34,948.45	316,961.17
Traffic and traveling expenses	57,237.67	179,730.55
Outsourcing expenses	27,282.10	219,294.83
Business promotion expenses	1,548,324.27	2,388,776.86
Maintenance and repair expenses	13,220.19	139,038.00
Others	111,172.30	29,239.82
Total	3,688,280.00	9,249,266.44

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.44 General and administrative expenses

Item	Amount for the current period	Amount for the previous period
Employee benefits	68,866,158.00	63,615,210.18
Depreciation costs	9,568,562.60	7,553,031.91
Amortization of intangible assets	1,240,295.67	1,874,457.13
Amortization of long-term prepaid expenses	4,578,911.00	4,527,100.72
Drugs and revolving materials consumed	1,015,879.66	963,471.75
House rent	2,543,931.61	1,323,759.68
Equity incentive	2,828,664.55	767,673.68
Office fees	2,076,294.46	2,276,602.65
Traffic and traveling expenses	2,038,653.17	2,198,731.91
Water and electricity charges	468,156.24	351,396.86
Property fee	5,767,986.12	2,919,344.90
Dining hall expenses	491.00	1,024,421.20
Outsourcing expenses	1,842,098.47	1,308,692.84
Consulting service fees	2,109,563.44	1,815,859.33
Auditors' remuneration	2,556,000.00	2,226,500.13
Maintenance and repair expenses	4,727,974.11	5,421,178.66
Business entertainment fees	2,438,681.43	2,803,324.36
Others	7,151,356.84	3,300,625.81
Total	121,819,658.37	106,271,383.70

4.45 Research and development expenditures

Item	Amount for the current period	Amount for the previous period
Employee benefits	15,238,152.21	17,015,841.55
Depreciation costs	160,973.20	313,121.72
Drugs and revolving materials consumed		23,806.46
Traffic and traveling expenses	2,257.42	1,279.22
Outsourcing expenses	95,219.00	7,292.41
Testing expenses		7,536.00
Others	166,320.89	219,198.79
Total	15,662,922.72	17,588,076.15

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.46 Financial expenses

Item	Amount for the current period	Amount for the previous period
Interest expenses	18,377,254.10	23,323,466.98
Including: interest expenses of lease liability	4,653,633.38	5,245,075.86
Less: interest income	587,377.24	2,686,209.46
Gains or losses on exchange	2,486.65	99,244.67
Others	4,214,451.98	3,728,948.96
Total	22,006,815.49	24,465,451.15

4.47 Other income

Item	Amount for the current period	Amount for the previous period
Government grants	10,568,938.30	5,386,176.18
Additional deduction of input tax	792,415.54	13,945.83
Handling charges for withdrawal of individual income tax	240,461.59	188,141.27
Total	11,601,815.43	5,588,263.28

4.48 Investment income

Item	Amount for the current period	Amount for the previous period
Income from long-term equity investments calculated under equity method	-1,206,158.07	478,827.96
Investment income from disposal of long-term equity investments	5,032,728.01	1,201,371.61
Investment income from financial products	5,699.09	
Total	3,832,269.03	1,680,199.57

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.49 Profit from changes in fair value

Sources of the gains from changes in fair value	Amount for the current period	Amount for the previous period
Financial assets held for trading	428,261.38	248,879.60
Other non-current financial assets	49,582.16	-347,402.79
Total	477,843.54	-98,523.19

4.50 Losses from credit impairment

Item	Amount for the current period	Amount for the previous period
Losses from bad debts of accounts receivable	-161,794.74	462,548.63
Losses from bad debts of other receivables	7,778,677.18	-6,046,812.64
Total	7,616,882.44	-5,584,264.01

4.51 Income from asset disposal

Item	Amount for the current period	Amount for the previous period	Amount included in non- recurring profit or loss in the current period
Gain on disposal of non-current assets ("-" for losses)	1,250,151.08	-75,116.21	1,250,151.08
Including: Gain on disposal of fixed assets ("-" for losses)	-3,599.79	-75,116.21	-3,599.79
Others		130.80	
Total	1,250,151.08	-74,985.41	1,250,151.08

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.52 Non-revenue

Item	Amount for the current period	Amount for the previous period	Amount included in non- recurring profit or loss in the current period
Gains from the damage and scrapping of non-current assets	1,710.88	50,825.65	1,710.88
Including: fixed assets	1,710.88	50,825.65	1,710.88
Accepted donations	5,874.70	46,960.37	5,874.70
Government grants irrelevant to these routine activities of the Company	4,289.60	128,949.92	4,289.60
Others	54,581.67	276,754.01	54,581.67
Total	66,456.85	503,489.95	66,456.85

4.53 Non-operating expenses

Item	Amount for the current period	Amount for the previous period	Amount included in non- recurring profit or loss in the current period
Losses from the damage and scrapping of non-current assets	794,076.29	291,800.76	794,076.29
Including: fixed assets	790,326.29	291,800.76	790,326.29
Intangible assets	3,750.00		3,750.00
External donation expenditure	734,227.10	500,329.61	734,227.10
Expenditures for default compensation	548,818.70	806,635.88	548,818.70
Amercement outlay	1,446,966.18	620,390.47	1,446,966.18
Others	274,456.19	597,063.04	274,456.19
Total	3,798,544.46	2,816,219.76	3,798,544.46

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.54 Income tax expenses

4.54.1 Table of income tax expenses

Item	Amount for the current period	Amount for the previous period
Current income tax expenses	13,016,683.24	19,082,552.41
Deferred income tax expenses	2,193,768.79	-2,566,409.06
Total	15,210,452.03	16,516,143.35

4.54.2 Adjustment process of accounting profits and income tax expenses

Item	Amount for the current period
Total profits	41,979,570.18
Income tax expenses calculated at statutory or applicable tax rate	10,444,306.75
Impact of different tax rates applicable to subsidiaries	-43,610.88
Impact of adjustments to the income tax for the prior years	355,099.93
Influence of non-taxable income	
Effect of non-deductible costs, expenses and losses	729,658.31
Influence of unrecognised deferred tax assets in previous periods	-7,934,940.40
Effect of deductible temporary differences or losses from deferred tax assets unrecognised in the current period	13,861,654.07
Impact of additional deduction of R&D expenses	-2,338,334.17
Impact of business combination involving enterprise not under common control	136,618.42
Income tax expenses	15,210,452.03

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.55 Earnings per share

4.55.1 Basic earnings per share

Basic earnings per share are calculated by dividing the consolidated net profit attributable to ordinary shareholders of the parent company by weighted average number of outstanding ordinary shares of the Company:

Item	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to the common stockholder of the parent company	36,530,359.57	50,723,744.20
Weighted average of the Company's outstanding common stocks	72,618,150.00	74,600,300.00
Basic earnings per share	0.50	0.68
Including: basic earnings per share from continued operation	0.50	0.68
Basic earnings per share from discontinued operation		

4.55.2 Diluted earnings per share

The diluted earnings per share is calculated by dividing the consolidated net profit attributable to the common stockholder of the parent company (diluted) by the weighted average of the Company's outstanding common stock (diluted):

Item	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to the common stockholder of the parent company (diluted)	36,530,359.57	50,723,744.20
Weighted average of the Company's outstanding common stock (diluted)	72,618,150.00	74,600,300.00
Diluted earnings per share	0.50	0.68
Including: diluted earnings per share from continued operation	0.50	0.68
Diluted earnings per share from discontinued operation		

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.56 Supplementary information to the statement of cash flows

4.56.1 Supplementary information to the statements of cash flows

Supplementary information	Amount for the current period	Amount for the previous period
1. Net profit adjusted to cash flows from operating activities		
Net profit	26,769,118.15	44,996,433.29
Add: losses from credit impairment	-7,616,882.44	5,584,264.01
Losses from asset impairment		
Depreciation of fixed assets	27,291,312.70	25,894,996.77
Depreciation of productive biological assets		
Depreciation of oil and gas assets		
Depreciation of right-of-use assets	17,436,605.58	18,029,069.41
Amortization of intangible assets	10,883,372.70	14,438,528.08
Amortization of long-term prepaid expenses	19,130,569.27	21,061,381.76
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-1,250,151.08	279,345.28
Losses from write-off of fixed assets ("-" for gains)	792,365.41	240,975.11
Losses from changes in fair value ("-" for gains)	-477,843.54	98,523.19
Financial expenses ("-" for gains)	18,379,740.75	31,771,743.44
Investment losses ("-" for gains)	-3,832,269.03	-1,680,199.57
Decreases in deferred income tax assets ("-" for increases)	3,763,953.21	205,697.59
Increases in deferred income tax liabilities ("-" for decreases)	-3,865,899.31	-2,772,106.65
Decreases in inventories ("-" for increases)	991,468.82	8,710,539.49
Decreases in operating receivables ("-" for increases)	254,827,632.87	18,734,703.28
Increases in operating payables ("-" for decreases)	-167,522,553.50	-69,825,584.55
Others	2,821,077.50	767,673.68
Net cash flows from operating activities	198,521,618.06	116,535,983.61

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

4 Notes to main items of the consolidated financial statements (*Continued*)

4.56 Supplementary information to the statement of cash flows (*Continued*)

4.56.1 Supplementary information to the statements of cash flows (*Continued*)

Supplementary information	Amount for the current period	Amount for the previous period
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt to capital		
Convertible corporate bonds maturing within one year		
Right-of-use assets acquired through bearing lease liabilities		
3. Net change in cash and cash equivalents:		
Ending balance of cash	333,106,635.79	366,789,288.94
Less: balance of cash at the beginning of the period	255,232,744.16	404,723,339.37
Plus: balance of cash equivalents at the end of the period		
Less: balance of cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	77,873,891.63	-37,934,050.43

4.56.2 Breakdowns of cash and cash equivalents

Item	Balance as at the end of the period	Balance as at the end of the previous year
I. Cash	333,106,635.79	366,789,288.94
Including: cash on hand	195,546.26	315,188.51
Unrestricted bank deposits	332,122,993.91	365,833,425.73
Other unrestricted cash and cash equivalents	788,095.62	640,674.70
II. Cash equivalents		
Including: bond investment maturing within three months		
III. Balance of cash and cash equivalents at the end of the period	333,106,635.79	366,789,288.94
Including: cash and cash equivalents held but restricted for use by the parent company or subsidiaries within the Group		

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

5 Changes in the scope of consolidation

5.1 Business combination not under common control

5.1.1 Business combination not under common control occurred in current period

Acquiree	Time-point for equity acquisition	Cost on equity acquisition	Proportion of equity acquired	Way of equity acquisition	Acquisition date	Determination basis on acquisition date	Income of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period	Cash flows of the acquiree from the acquisition date to the end of the period
Hangzhou Yining Hospital Co., Ltd.	31 May 2025	28,000,000.00	65.00%	Purchase	31 May 2025	Completion of equity delivery	2,637,455.19	-75,355.35	1,150,619.02

5.1.2 Combination costs and goodwill

Item	Hangzhou Yining Hospital Co., Ltd.
Combination cost	
– Cash	28,000,000.00
Total combination cost	28,000,000.00
Less: share of fair value of the identifiable net assets acquired	14,959,500.87
Difference of goodwill/the combination costs in short of the fair value of net identifiable assets	13,040,499.13

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

5 Changes in the scope of consolidation (*Continued*)

5.1 Business combination not under common control (*Continued*)

5.1.3 Identifiable assets and liabilities purchased by the acquiree on the acquisition date

Item	Hangzhou Yining Hospital Co., Ltd.	
	Fair value on the acquisition date	Book value on the acquisition date
Assets:		
Monetary funds	10,683,725.70	10,683,725.70
Receivables	4,394,341.81	4,256,426.56
Advances to suppliers	11,966.69	11,966.69
Other receivables	1,216,973.87	1,216,973.87
Inventories	872,927.05	872,927.05
Fixed assets	1,617,264.97	484,744.28
Right-of-use assets	41,886,805.14	41,886,805.14
Intangible assets	23,042,500.04	42,500.04
Long-term prepaid expenses	1,828,479.92	1,828,479.92
Deferred income tax assets	2,295,714.89	
Liabilities:		
Accounts payable	2,379,189.56	2,379,189.56
Receipts in advance	923,339.06	923,339.06
Employee benefits payable	954,790.22	954,790.22
Taxes and surcharges payable	31,295.32	31,295.32
Other payables	8,040,465.94	8,040,465.94
Non-current liabilities maturing within one year	5,816,845.00	
Lease liabilities	46,690,158.25	52,507,003.25
Net asset	23,014,616.73	-3,551,534.10
Less: minority equity	8,055,115.86	-1,243,036.94
Net assets gained	14,959,500.87	-2,308,497.17

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

5 Changes in the scope of consolidation (*Continued*)

5.2 Disposal of subsidiaries

5.2.1 Transactions or events in which control of subsidiaries was lost during the period

Name of subsidiary	Disposal consideration at the date of loss of control	Percentage of disposals at the date of loss of control (%)	Disposal method of equity interest	Date of loss of control	Basis for determining the date of loss of control	Difference between the consideration for disposal and the share of net assets of the subsidiary at the level of the relevant consolidated financial statements in which the disposed investments presented	Carrying amount of remaining equity at the level of the relevant consolidated financial statements in which on the date of loss of control	Fair value of remaining equity at the level of the relevant consolidated financial statements in which on the date of loss of control	Gain or loss on fair value remeasurement of remaining equity interests	Determination method and major assumptions of the fair value of remaining equity at the level of the relevant consolidated financial statements in which on the date of loss of control	Amount transferred into investment gain or loss/retained earnings from other comprehensive income relating to the equity investment in the former subsidiary
Hangzhou Yining Medical Equipment R&D Co., Ltd.	30,000.00	100.00	Negotiating transfer	June 12, 2025	The delivery of equity	807.22					

5.3 Changes in scope of consolidation for other reasons

As 18 April 2025, the Company's subsidiary Wenzhou Anken Pharmacy Co., Ltd. completed the industrial and commercial cancellation.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities

6.1 Equities in subsidiaries

6.1.1 Structure of the enterprise group

Name of subsidiary	Type of legal person	Registered capital (RMB' 0,000)	Principal place of business	Registration place	Nature of business	Shareholding ratio (%)		Way of acquisition
						Direct	Indirect	
Wenzhou Yining Elderly Hospital Co., Ltd.	Limited liability company	33,000.00	Wenzhou	Wenzhou	Hospital management	100.00		Incorporation
Cangnan Yining Nursing Center Co., Ltd.	Limited liability company	1,000.00	Cangnan	Cangnan	Medical services		100.00	Incorporation
Wenzhou Ouhai Yining Elderly Hospital Co., Ltd.	Limited liability company	1,000.00	Wenzhou	Wenzhou	Medical services		65.00	Incorporation
Wenzhou Cining Hospital Co., Ltd.	Limited liability company	2,585.98	Wenzhou	Wenzhou	Medical services		100.00	Combination not under common control
Pingyang Changgeng Yining Hospital Co., Ltd.	Limited liability company	3,057.47	Wenzhou	Wenzhou	Medical services		100.00	Combination not under common control
Yueqing Yining integrated Traditional and Western Medicine Hospital Co., Ltd.	Limited liability company	9,800.00	Yueqing	Yueqing	Medical services		100.00	Combination not under common control
Wenzhou Yining Care Co., Ltd.	Limited liability company	500.00	Wenzhou	Wenzhou	Medical services		100.00	Incorporation
Hangzhou Yining Hospital Co., Ltd.	Limited liability company	5,000.00	Hangzhou	Hangzhou	Medical services		65.00	Combination not under common control
Zhejiang Kangning Hospital Management (Group) Co., Ltd.	Limited liability company	20,000.00	Ningbo	Ningbo	Hospital management	100.00		Incorporation
Pingyang Kangning Hospital Co., Ltd.	Limited liability company	600.00	Pingyang	Pingyang	Medical services		100.00	Incorporation
Wenzhou Yining Geriatric Hospital Co., Ltd.	Limited liability company	6,000.00	Wenzhou	Wenzhou	Medical services		100.00	Incorporation
Quzhou Yining Hospital Co., Ltd.	Limited liability company	3,000.00	Quzhou	Quzhou	Medical services		60.00	Incorporation
Taizhou Luqiao Cining Hospital Co., Ltd.	Limited liability company	1,000.00	Taizhou	Taizhou	Medical services		51.00	Incorporation
Yiwu Kangning Hospital Management Co., Ltd.	Limited liability company	3,000.00	Yiwu	Yiwu	Hospital management		100.00	Incorporation
Taizhou Kangning Hospital Co., Ltd.	Limited liability company	1,000.00	Taizhou	Taizhou	Medical services		51.00	Combination not under common control
Hangzhou Cining Hospital Co., Ltd.	Limited liability company	100.00	Hangzhou	Hangzhou	Medical services		100.00	Incorporation
Wenzhou Tianzhentang TCM Clinic Co., Ltd.	Limited liability company	500.00	Wenzhou	Wenzhou	Medical services		100.00	Incorporation
Zhejiang Jerinte Health Technology Co., Ltd.	Limited liability company	1,000.00	Hangzhou	Hangzhou	Technology service		100.00	Incorporation

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

6.1.1 Structure of the enterprise group *(Continued)*

Name of subsidiary	Type of legal person	Registered capital (RMB' 0,000)	Principal place of business	Registration place	Nature of business	Shareholding ratio (%)		Way of acquisition
						Direct	Indirect	
Nanjing Yining Hospital Co., Ltd.	Limited liability company	1,000.00	Nanjing	Nanjing	Medical services	85.65		Combination not under common control
Heze Yining Psychiatric Hospital Co., Ltd.	Limited liability company	3,000.00	Heze	Heze	Medical services	51.00		Combination not under common control
Guanxian Yining Hospital Co., Ltd.	Limited liability company	1,000.00	Guanxian	Guanxian	Medical services	90.00		Combination not under common control
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	Limited liability company	753.00	Taizhou	Taizhou	Medical services	68.80		Combination not under common control
Beijing Yining Hospital Co., Ltd.	Limited liability company	4,653.67	Beijing	Beijing	Medical services	67.77		Incorporation
Wenzhou Yixin Health Technology Co., Ltd.	Limited liability company	50.00	Wenzhou	Wenzhou	Technology service	100.00		Combination not under common control
Huainan Kangning Hospital Co., Ltd.	Limited liability company	1,000.00	Huainan	Huainan	Medical services	95.00		Combination not under common control
Zhejiang Yining Health Technology Co., Ltd.	Limited liability company	2,040.82	Hangzhou	Hangzhou	Technology service	98.00		Incorporation
Wenzhou Yining Drugstore Co., Ltd.	Limited liability company	50.00	Wenzhou	Wenzhou	Drug retail	100.00		Incorporation
Yining Psychology Internet Hospital (Wenzhou) Co., Ltd.	Limited liability company	500.00	Wenzhou	Wenzhou	Hospital management	100.00		Incorporation
Zhejiang Dening Pharmaceutical Co., Ltd.	Limited liability company	1,000.00	Wenzhou	Wenzhou	Pharmaceutical retail	80.00		Incorporation
Changchun Kanglin Psychological Hospital Co., Ltd.	Limited liability company	1,000.00	Changchun	Changchun	Medical services	64.55		Combination not under common control
Hangzhou Yining Nursery Service Co., Ltd.	Limited liability company	100.00	Hangzhou	Hangzhou	Nursing care	100.00		Incorporation
Linhai Cining Hospital Co., Ltd.	Limited liability company	5,000.00	Taizhou	Taizhou	Medical services	100.00		Incorporation
Shenzhen Yining Hospital	Limited liability company	6,000.00	Shenzhen	Shenzhen	Medical services	55.00		Incorporation
Puijiang Yining Huangfeng Hospital Co., Ltd.	Limited liability company	1,400.00	Jinhua	Jinhua	Medical services	95.00		Incorporation
Chun'an Kangning Huangfeng Hospital Co., Ltd.	Limited liability company	1,000.00	Hangzhou	Hangzhou	Medical services	80.00		Incorporation
Longquan Kangning Hospital Co., Ltd.	Limited liability company	3,000.00	Lishui	Lishui	Medical services	100.00		Incorporation

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

6.1.1 Structure of the enterprise group *(Continued)*

Name of subsidiary	Type of legal person	Registered capital (RMB' 0,000)	Principal place of business	Registration place	Nature of business	Shareholding ratio (%)		Way of acquisition
						Direct	Indirect	
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	Limited liability company	2,083.33	Chengdu	Chengdu	Medical services		49.33	Combination not under common control
Wenzhou Gaopin Fangzhou Hospital Co., Ltd.	Limited liability company	1,000.00	Wenzhou	Wenzhou	Medical services		100.00	Incorporation
Cangnan Kangning Hospital Co., Ltd.	Limited liability company	5,000.00	Cangnan	Cangnan	Medical services	100.00		Incorporation
Yueqing Kangning Hospital Co., Ltd.	Limited liability company	500.00	Yueqing	Yueqing	Medical services	100.00		Incorporation
Linhai Kangning Hospital Co., Ltd.	Limited liability company	200.00	Taizhou	Taizhou	Medical services	85.00		Incorporation
Qingtian Kangning Hospital Co., Ltd.	Limited liability company	436.00	Lishui	Lishui	Medical services	100.00		Incorporation
Wenzhou Kangning Judicial Forensic Centre	Judicial forensic institution	50.00	Wenzhou	Wenzhou	Judicial expertise	100.00		Incorporation
Wenzhou Lucheng Yining Hospital Co., Ltd.	Limited liability company	10,000.00	Wenzhou	Wenzhou	Medical services	60.00		Incorporation
Yongjia Kangning Hospital Co., Ltd.	Limited liability company	2,700.00	Wenzhou	Wenzhou	Medical services	100.00		Incorporation
Jinyun Shuning Hospital Co., Ltd.	Limited liability company	2,398.26	Jinyun	Jinyun	Medical services	55.00		Combination not under common control
Loudi City Kangle Kangning Hospital Co., Ltd.	Limited liability company	2,040.00	Loudi	Loudi	Medical services	51.00		Combination not under common control
Dongkou Lening Hospital Co., Ltd.	Limited liability company	1,800.00	Shaoyang	Shaoyang	Medical services	51.00		Combination not under common control
Wenzhou Kangning Psychological Consulting Co., Ltd.	Limited liability company	50.00	Wenzhou	Wenzhou	Medical services	100.00		Incorporation
Jiaxing Jiulikang Zizheng Equity Investment Partnership (Limited Partnership)	Limited partnership	6,001.00	Jiaxing	Jiaxing	Equity investments	66.60	33.30	Incorporation
Qingtian Kangning Property Management Co., Ltd.	Limited liability company	2,764.00	Lishui	Lishui	Property management	100.00		Incorporation

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities (*Continued*)

6.1 Equities in subsidiaries (*Continued*)

6.1.1 Structure of the enterprise group (*Continued*)

Notes to the differences between the shareholding ratios in subsidiaries and the corresponding voting ratios:

According to the Articles of Association of Wenzhou Ouhai Yining Elderly Hospital Co., Ltd, the voting rights are exercised in accordance with the proportion of the shareholders' paid-in capital, and the proportion of the Company's paid-in capital is 100%.

Basis for holding half or less than half of the voting right but controlling the investee or holding more than half of the voting right but not controlling the investee:

- (1) Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd. has 4 shareholders, with the Company holding 49.33%, Chongqing Jinpu Phase II Medical Health Service Industry Equity Investment Fund Partnership (Limited Partnership) and Chongqing Jinpu Medical Health Service Industry Equity Investment Fund Partnership (Limited Partnership) holding 14.93% and 11.73% respectively, and Sichuan Hongji Pharmaceutical Co., Ltd. holding 24%. The Company appoints the chairman and key management personnel and is responsible for the management of Chengdu Jinniu Yining. The Company has sufficient control over the relevant activities of Chengdu Jinniu Yining, thus it is included in the consolidated financial statements.
- (2) The Company transferred 90% of its equity in Guanxian Yining Hospital Co., Ltd. to Hangzhou ePropulsion Co., Ltd. As of 30 June 2025, Hangzhou ePropulsion Co., Ltd. has not paid the equity transfer payment, therefore, according to the equity transfer agreement, the rights and obligations related to the 90% equity of Guanxian Yining Hospital Co., Ltd. still belong to the company.

6.1.2 Significant non-wholly-owned subsidiaries

Name of subsidiaries	Shareholding ratio of minority shareholders (%)	Profit or loss attributable to minority shareholders in current period	Dividends declared to be distributed to minority shareholders in current period	Balance of minority equity as at the end of the period
Wenzhou Lucheng Yining Hospital Co., Ltd.	40.00%	-273,338.73		37,849,009.98
Jinyun Shuning Hospital Co., Ltd.	45.00%	-1,850,033.50		3,107,231.66
Zhejiang Dening Pharmaceutical Co., Ltd.	20.00%	47,364.17		21,235,010.16

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

6.1.3 Main financial information of major non-wholly-owned subsidiaries

Name of subsidiary	Balance as at the end of the period					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Wenzhou Lucheng Yining Hospital Co., Ltd.	21,416,593.94	204,253,407.79	225,670,001.73	15,064,596.77	115,982,880.00	131,047,476.77
Jinyun Shuning Hospital Co., Ltd.	9,205,917.55	68,850,607.67	78,056,525.22	9,003,066.81	37,889,846.54	46,892,913.35
Zhejiang Dening Pharmaceutical Co., Ltd.	141,569,335.08	809,246.92	142,378,582.00	57,033,974.41	319,887.19	57,353,861.60

Name of subsidiary	Balance as at the end of the previous year					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Wenzhou Lucheng Yining Hospital Co., Ltd.	11,954,272.04	184,644,954.86	196,599,226.90	699,355.11	115,594,000.00	116,293,355.11
Jinyun Shuning Hospital Co., Ltd.	12,386,739.26	70,370,750.35	82,757,489.61	19,680,759.72	27,801,932.47	47,482,692.19
Zhejiang Dening Pharmaceutical Co., Ltd.	182,793,237.29	1,120,808.89	183,914,046.18	63,460,532.96	571,689.49	64,032,222.45

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

6.1.3 Main financial information of major non-wholly-owned subsidiaries *(Continued)*

Name of subsidiary	Amount for the current period				Amount for the previous period			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
			income	activities			income	activities
Wenzhou Lucheng Yining Hospital Co., Ltd.	13,761.47	-683,346.83	-683,346.83	14,612,783.16	111,715.00	111,715.00	7,479,658.56	
Jinyun Shuning Hospital Co., Ltd.	9,909,096.61	-4,111,185.55	-4,111,185.55	-3,327,701.92	9,111,507.81	-3,604,869.42	-3,604,869.42	-2,290,097.91
Zhejiang Dening Pharmaceutical Co., Ltd.	102,090,901.20	28,837,924.34	28,837,924.34	27,158,954.04	124,115,991.46	27,079,763.86	27,079,763.86	-13,998,289.43

6.2 Equity in joint venture arrangements or associates

6.2.1 Significant joint ventures or associates

Name of joint ventures or associates	Main place of business	Registration place	Nature of business	Shareholding ratio (%)		Accounting treatment method for investments in joint ventures or associates	Whether it is strategic for the Company's activities
				Direct	Indirect		
Hangzhou Anken Medical Technology Co., Ltd.	Hangzhou	Hangzhou	Hospital management	30.81		Equity method	Yes
Wenzhou Longwan Yining Hospital Co., Ltd.	Wenzhou	Wenzhou	Medical services	45.00		Equity method	Yes

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities (*Continued*)

6.2 Equity in joint venture arrangements or associates (*Continued*)

6.2.2 Main financial information on major associates

Item	Balance as at the end of the period/Amount for the current period		Balance as at the end of the previous year/Amount for the previous period	
	Anken Medical	Longwan Yining	Anken Medical	Longwan Yining
Current assets	54,642,466.52	4,239,198.47	45,907,773.26	196,852.44
Non-current assets	57,990,445.81	240,616,879.74	66,672,211.67	219,142,045.33
Total assets	112,632,912.33	244,856,078.21	112,579,984.93	219,338,897.77
Current liabilities	92,856,010.94	40,452,964.28	97,851,535.78	38,926,869.26
Non-current liabilities	18,139,670.84	79,476,564.33	17,305,931.19	55,023,631.60
Total liabilities	110,995,681.78	119,929,528.61	115,157,466.97	93,950,500.86
Minority equity	10,949,943.48			
Equity attributable to the shareholders of parent company	-9,312,712.93	124,926,549.60	-2,577,482.04	125,388,396.91
Net asset share calculated according to the shareholding ratio	-286,924.69	56,216,947.32	-794,122.22	56,424,778.61
Adjustment matters				
– Goodwill				
– Unrealized profits from internal transaction				
– Others				
Book value of the equity investment in associates				
Fair value of the equity investment in associates with public offer				
Revenue	86,652,834.64		77,859,701.67	
Net profit	6,926,935.55	-461,847.31	2,232,119.71	-369,812.28
Net profit of discontinued operation				
Other comprehensive income				
Total comprehensive income	6,926,935.55	-461,847.31	2,232,119.71	-369,812.28
Dividends received from associates in the current period				

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

7 Risks related to financial instruments

7.1 Various risks generated by financial instruments

The Company faces various financial risks in the course of its business operation, including credit risks, liquidity risks and market risks (including the exchange rate risk, interest rate risk and other price risk). The above financial risks and the risk management policies adopted by the Company to reduce these risks are as follows:

The Board of Directors is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyse the risks faced by the Company. These risk management policies clearly stipulate specific risks, covering many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates the market environment and changes in the Company's business activities to determine whether to update the risk management policies and systems. The Company's risk management is carried out by the Strategy and Risk Management Committee in accordance with the policies approved by the Board of Directors. The Strategy and Risk Management Committee identifies, evaluates and avoids relevant risks through close cooperation with other business departments of the Company. The Company's internal audit department may conduct the regular audit regarding the risk management and control and the procedures therefor, and submit the audit result to the Company's Audit Committee.

The Company diversifies the risk of financial instruments through appropriate diversified investment and business portfolios, and formulates corresponding risk management policies to reduce the risk of concentration in a single industry, specific region or specific counter-parties.

7.1.1 Credit risks

Credit risk refers to the risk of financial loss to the Company caused by the counterparty's failure to perform its contractual obligations.

The Company's cash at bank and on hand are mainly bank deposits deposited in state-owned banks with good reputation and high credit rating and other large and medium-sized listed banks. The Company believes that there is no significant credit risk and it will hardly generate significant losses caused by bank default.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

7 Risks related to financial instruments (*Continued*)

7.1 Various risks generated by financial instruments (*Continued*)

7.1.1 Credit risks (*Continued*)

The Company's accounts receivables are mainly sales of medicines and provision of medical services to patients, and also management service fees receivables. According to the social security policy of each hospital of the Company, medical fees of patients are usually jointly borne by the patients and social insurance. The Company usually collects part of the advance payment during the patient admission procedures, and the patients are required to settle their responsible part of the fee during the discharge procedures. For those fees unsettled by the patients at the time of discharge, the Company will recover from the patients through regular collections. For the medical fees borne by social insurance, the Company will reimburse the social insurance institution in a timely manner after issuing invoices to patients. The reimbursement is usually recovered within 2-9 months after application, for which the Company believes that there is no major credit risk. Some of the medical fees are also paid by government departments such as the Civil Affairs Bureau and Disabled Persons' Federation where the hospitals are located. The Company adopts different collection monitoring mechanisms for different payers.

7.1.2 Liquidity risk

Liquidity risk refers to a risk that an enterprise suffers funds shortage in performing the obligations of settlement in cash or other financial assets.

The policy of the Company is to ensure that there is sufficient cash for the payment of the matured debts. Liquidity risk is under the centralized control of the financial department of the Company. The financial department monitors cash balance and readily realizable and marketable securities and makes rolling forecast on cash flows of the next 12 months to ensure that the Company has sufficient funds to repay debts in all cases of reasonable prediction. At the same time, the Company will continue to monitor whether it complies with the provisions of the loan agreement, and obtains commitments from major financial institutions to provide sufficient reserve funds to meet short-term and long-term funding demands.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

7 Risks related to financial instruments (*Continued*)

7.1 Various risks generated by financial instruments (*Continued*)

7.1.2 Liquidity risk (*Continued*)

The Company's financial liabilities are presented based on non-discounted contractual cash flows by the due date as follows:

Balance as at the end of the period							
Item	Instant repayment	Within 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted contractual amount	Book value
Accounts payable		118,842,628.09				118,842,628.09	118,842,628.09
Other payables		72,746,939.83				72,746,939.83	72,746,939.83
Short-term borrowings		105,720,000.00				105,720,000.00	105,720,000.00
Non-current liabilities maturing within one year		288,868,212.68				288,868,212.68	288,868,212.68
Long-term borrowings			208,194,177.29	252,391,890.19	303,978,136.06	764,564,203.54	678,248,077.26
Lease liabilities			42,067,189.41	85,059,926.79	115,555,365.75	242,682,481.95	184,944,626.00
Long-term payables			31,080,844.00	40,815,025.20		71,895,869.20	70,878,075.78
Total		586,177,780.60	281,342,210.70	378,266,842.18	419,533,501.81	1,665,320,335.29	1,520,248,559.64

Balance as at the end of the previous year							
Item	Payment at sight	Within 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted contractual amount	Book value
Accounts payable		112,544,938.03				112,544,938.03	112,544,938.03
Other payables		68,487,137.05				68,487,137.05	68,487,137.05
Short-term borrowings		111,000,000.00				111,000,000.00	111,000,000.00
Non-current liabilities maturing within one year		108,286,381.25				108,286,381.25	108,286,381.25
Long-term borrowings			287,545,000.00	314,094,120.00	166,585,549.65	768,224,669.65	768,224,669.65
Lease liabilities			18,133,866.38	54,983,512.27	95,622,594.14	168,739,972.79	158,912,952.10
Long-term payables			25,945,947.15	45,352,431.95		71,298,379.10	64,227,913.88
Total		400,318,456.33	331,624,813.53	414,430,064.22	262,208,143.79	1,408,581,477.87	1,391,683,991.96

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

7 Risks related to financial instruments (*Continued*)

7.1 Various risks generated by financial instruments (*Continued*)

7.1.3 Market risk

Market risk associated with financial instruments refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices, and it includes exchange rate risk, interest rate risk and price risks.

(1) Interest rate risk

Interest rate risk refers to the risk that fair values or future cash flows of financial instruments may fluctuate due to the change in market interest rate.

Fixed-rate and floating-rate interest-bearing financial instruments make the Company expose to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the ratio of fixed interest rate and floating interest rate instruments based on the market environment, and maintains appropriate portfolio of fixed and floating interest rate instruments through regular review and monitoring. When necessary, the Company will use interest rate swap instrument to hedge interest rate risk.

On 30 June 2025, the Company's long-term interest-bearing borrowings were mainly RMB denominated fixed-rate contracts.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

7 Risks related to financial instruments (*Continued*)

7.1 Various risks generated by financial instruments (*Continued*)

7.1.3 Market risk (*Continued*)

(2) Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuates due to variations in foreign exchange rate.

The Company continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize foreign exchange risks. In addition, the Company may also sign the forward foreign exchange contract or currency swap contract to avoid the exchange rate risk. In current period and previous period, the Company did not sign any forward foreign exchange contract or currency swap contract.

The exchange rate risk the Company is facing is mainly from the financial assets and liabilities denominated in USD, and the foreign currency assets and liabilities are equivalent to the amount denominated in RMB indicated as below:

Item	Balance as at the end of the period			Balance as at the end of the previous year		
	USD	Other foreign currency	Total	USD	Other foreign currency	Total
Monetary funds	286,391.68	6,199.12	292,590.80	285,090.74	45,278.51	330,369.25
Total	286,391.68	6,199.12	292,590.80	285,090.74	45,278.51	330,369.25

On 30 June 2025, when all other variables remain unchanged, the net profits of the Company would increase or decrease by RMB8,777.72 (on 31 December 2024: 10,008.19) supposing that RMB to USD appreciates or depreciates by 3%.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

7 Risks related to financial instruments (*Continued*)

7.1 Various risks generated by financial instruments (*Continued*)

7.1.3 Market risk (*Continued*)

(3) Other price risk

Other price risk refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices other than interest rate risk and interest rate risk.

The Company's other price risk arises primarily from investments in various equity instruments. There is the risk of changes in the prices of equity instruments.

As at 30 June 2025, on the conditions that all the other variables remain unchanged, if the value of the equity instruments increases or decreases by 3%, then the net profit of the Company will increase or decrease by RMB1,743,898.91 (31 December 2024: net profit RMB1,340,803.16)

8 Disclosure of fair value

The input value used for measuring fair value is divided into three levels:

Level 1 input values are unadjusted quoted prices in the active market of identical assets or liabilities accessible on the measurement date.

Level 2 input values are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 input values are unobservable inputs that have been applied in valuing the respective asset or liability.

The level of the measurement result of fair value shall subject to the lowest level which the input that is great significance to the entire measurement of fair value belongs to.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

8 Disclosure of fair value (*Continued*)

8.1 Fair value of assets and liabilities measured at fair value as at the end of the period

Item	Fair value as at the end of the period			Total
	Measured at fair value at Level 1	Measured at fair value at Level 2	Measured at fair value at Level 3	
I. Continuous measurement of fair value				
Financial assets held for trading			21,325,265.41	21,325,265.41
1. Financial assets measured at fair value through the current profit or loss			21,325,265.41	21,325,265.41
(1) Investment in equity instruments			8,255,855.31	8,255,855.31
(2) Others			13,069,410.10	13,069,410.10
Other non-current financial assets			36,804,698.26	36,804,698.26
Financial assets measured at fair value through the current profit or loss			36,804,698.26	36,804,698.26
(1) Investment in equity instruments			36,804,698.26	36,804,698.26
Total assets with continuous measurement at fair value			58,129,963.67	58,129,963.67

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

8 Disclosure of fair value (*Continued*)

8.2 Qualitative and quantitative information on the valuation techniques and important parameters adopted for continuous and non-continuous measurements of fair values at level 3

- The financial assets held for trading and other non-current financial assets of the Company are equity instrument investments and bank financial products. Management prepares disclosures related to fair value based on verified valuation results, considering investment contract terms, realizable conditions, and parameters such as P/B ratio, liquidity discount and discount rate of underlying assets of related investment projects:

Item	Fair value as at the end of the period	Valuation techniques	Unobservable input values	Range interval
Financial assets held for trading	8,255,855.31	Discounted cash flow method	Weighted average capital cost	8%
	13,069,410.10	Discounted cash flow method	Weighted average capital cost	1.28%
Other non-current financial assets	36,804,698.26	Market method	P/B ratio	1.97-4.31
			Liquidity discount	23.91~24.71
		Discounted cash flow method	Weighted average capital cost	9%-18%

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions

9.1 Information on the parent company of the Company

The actual controllers of the Company refer to Guan Weili and his spouse Wang Lianyue.

9.2 Subsidiaries of the Company

See “Note 6 Equity in other entities” for details of subsidiaries of the Company.

9.3 Joint ventures and associates of the Company

Please refer to “Note 6 Equity in other entities” for details of significant joint ventures and associates of the Company.

Other joint ventures or associates having balances from related party transactions with the Company in the current period or in the previous period:

Name of joint venture or associate	Relationship with the Company
Hangzhou Anken Medical Technology Co., Ltd.	Associates of the Company
Wenzhou Longwan Yining Hospital Co., Ltd.	Associates of the Company
Zhejiang Huangfeng Hospital Management Co., Ltd.	Associates of the Company
Shaanxi Shanda Hospital Management Consulting Co., Ltd.	Associates of the Company
Chongqing Hechuan Kangning Hospital Co., Ltd.	Associates of the Company
Zhejiang Fengsheng Nutrition Technology Co., Ltd.	Associates of the Company
Wenzhou Ouyue Health Management Co., Ltd.	Associates of the Company

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions (*Continued*)

9.4 Other related parties

Name of other related party	Relationship between other related party and the Company
Cai Wenqin	Minority shareholder of the Company's subsidiary
Chen Guanghong	Minority shareholder of the Company's subsidiary
Jiang Danping	Minority shareholder of the Company's subsidiary
Ningbo Meishan Bonded Port Area Kuanzhan Investment Management Partnership (Limited Liabilities Partnership)	Minority shareholder of the Company's subsidiary
Shandong Furen Hospital Management Co., Ltd.	Minority shareholder of the Company's subsidiary
Wang Hongyue	One of the substantial shareholders of the Company and an immediate family member of the ultimate controlling parties of the Company
Wu Lianxi	Minority shareholder of the Company's subsidiary
Wu Zihuang	Minority shareholder of the Company's subsidiary
Xu Xiuhu	Minority shareholder of the Company's subsidiary
Ye Liangfu	Close relative of the Company's ultimate controller
Sichuan Hongji Pharmaceutical Co., Ltd.	Minority shareholder of the Company's subsidiary
Wang Changsheng	Actual controller of minority shareholder of the Company's subsidiary
Yiwu Mental Health Centre	Non-profit organisation invested by the Company with council members assigned
Zhejiang Tianqu Environment Construction Co., Ltd.	Minority shareholder of the Company's subsidiary
Zhejiang Yangge Property Management Co., Ltd.	Minority shareholder of the Company's subsidiary
Wenzhou Donghu Property Management Co., Ltd.	Minority shareholder of the Company's subsidiary
Hangzhou Yining Hospital Co., Ltd.	Used to be an associate of the Company during the reporting period
Wenzhou Anken Psychological Consultation Co., Ltd.	Subsidiaries of the Company's associate
Luonan Shanda Rehabilitation Hospital Co., Ltd.	Subsidiaries of the Company's associate

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions (*Continued*)

9.5 Information on related party transactions

9.5.1 Purchase or sale of goods, and rendering or receipt of labor services

Purchase of goods/receipt of services

Related-party	Content of related party transaction	Amount for the current period	Amount for the previous period
Zhejiang Fengsheng Nutrition Technology Co., Ltd.	Purchase of medicines	311,783.03	46,490.62
Wenzhou Anken Psychological Consultation Co., Ltd.	Purchase of medicines		17,960.18
Ye Liangfu	Purchase of canteen services	88,374.93	

Sales of goods/rendering of services

Related party	Content of related party transaction	Amount for the current period	Amount for the previous period
Yiwu Mental Health Centre	Medical management services	1,485,148.52	1,485,148.52
Hangzhou Yining Hospital Co., Ltd.	Rendering of services		84,905.66
Hangzhou Anken Medical Technology Co., Ltd.	Sales of drugs	280,200.88	

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions (*Continued*)

9.5 Information on related party transactions (*Continued*)

9.5.2 Related-party guarantee

The Company as the guarantor:

Guaranteed party	Guaranteed amount	Commencement date	Expiry date	Whether or not the guarantee performance has been completed
Quzhou Yining Hospital Co., Ltd.	60,000,000.00	2023/10/9	2034/10/9	No
Yongjia Kangning Hospital Co., Ltd.	60,000,000.00	2019/8/20	2031/8/21	No
Linhai Cining Hospital Co., Ltd.	68,440,000.00	2023/4/3	2032/3/2	No
Jinyun Shuning Hospital Co., Ltd.	6,000,000.00	2024/7/30	2025/7/30	No
Hangzhou Anken Medical Technology Co., Ltd.	32,400,000.00	2024/7/1	2027/6/30	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	8,400,000.00	2024/3/31	2027/3/31	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	103,000,000.00	2023/10/12	2034/10/9	No
Yongjia Kangning Hospital Co., Ltd.	12,000,000.00	2024/7/18	2029/6/18	No
Yueqing Yining integrated Traditional and Western Medicine Hospital Co., Ltd.	8,000,000.00	2024/7/18	2029/6/18	No
Qingtian Kangning Hospital Co., Ltd.	5,300,780.00	2024/1/1	2028/12/31	No
Wenzhou Yining Geriatric Hospital Co., Ltd.	4,337,088.00	2024/1/25	2028/12/25	No
Wenzhou Yining Geriatric Hospital Co., Ltd.	17,000,000.00	2022/10/25	2025/10/25	No
Pingyang Changgeng Yining Hospital Co., Ltd.	26,000,000.00	2023/12/20	2031/12/20	No
Longquan Kangning Hospital Co., Ltd.	60,000,000.00	2025/4/29	2039/4/14	No

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions *(Continued)*

9.5 Information on related party transactions *(Continued)*

9.5.2 Related-party guarantee *(Continued)*

The Company acted as guaranteed party:

Guarantee	Guaranteed amount	Commencement date	Expiry date	Whether or not the guarantee performance has been completed
Yueqing Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Yongjia Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Cangnan Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Wenzhou Yining Geriatric Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Pingyang Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Wenzhou Cining Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Cangnan Kangning Hospital Co., Ltd.	66,474,000.00	2021/12/24	2026/12/10	No
Guan Weili, Wang Lianyue	24,000,000.00	2020/6/30	2027/6/30	No
Guan Weili, Wang Hongyue, Wang Lianyue	79,642,127.25	2021/11/29	2028/11/29	No
Guan Weili, Wang Hongyue, Wang Lianyue, Xu Yi	180,950,000.00	2020/10/26	2026/10/25	No
Guan Weili	70,000,000.00	2023/11/8	2026/11/15	No
Guan Weili, Wang Lianyue, Wang Hongyue	14,660,000.00	2019/9/10	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	10,280,000.00	2020/1/1	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	3,320,000.00	2020/12/22	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	2,200,000.00	2020/9/27	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	2,200,000.00	2020/9/27	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	3,050,000.00	2021/3/1	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	3,050,000.00	2021/3/1	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	45,000,000.00	2023/7/3	2037/12/31	No
Guan Weili, Wang Lianyue, Wang Hongyue	15,000,000.00	2023/7/31	2037/12/31	No
Guan Weili, Wang Lianyue, Wang Hongyue	10,116,550.00	2023/10/25	2037/12/31	No
Guan Weili, Wang Lianyue, Wang Hongyue	5,007,200.00	2023/11/24	2037/12/31	No
Guan Weili, Zhejiang Tianqu Environment Construction Co., Ltd., Zhejiang Yangge Property Management Co., Ltd.	60,000,000.00	2023/10/9	2031/10/9	No
Wang Lianyue	18,312,000.00	2023/12/20	2028/12/25	No

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions (*Continued*)

9.5 Information on related party transactions (*Continued*)

9.5.3 Loans from and to related parties

Related parties	Lending/ borrowing amount	Commencement date	Expiry date	Remark
Loans from related parties				
Chongqing Hechuan Kangning Hospital Co., Ltd.	2,800,000.00	2024/5/6	2025/5/6	
Luonan Shanda Rehabilitation Hospital Co., Ltd.	1,095,000.00	2023/9/29		Not returned yet
Zhejiang Yangge Property Management Co., Ltd.	2,508,250.00	2022/6/13		Not returned yet
Wenzhou Donghu Property Management Co., Ltd.	6,000,000.00	2025/6/3	2028/6/2	
Loan to related parties				
Wenzhou Longwan Yining Hospital Co., Ltd.	13,950,000.00	2023/1/10	2026/1/9	
Sichuan Hongji Pharmaceutical Co., Ltd.	10,204,311.69	2015/6/1		
Wang Changsheng	3,490,447.08	2015/9/1		

9.5.4 Remuneration of key management personnel

Item	Amount for the current period	Amount for the previous period
Salary, bonus, etc.	3,911,019.68	3,600,689.93
Share-based payments	1,173,758.49	436,155.63

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions *(Continued)*

9.6 Unsettled items of receivables from and payables to related parties

9.6.1 Receivables

		Book balance as at the end of		Book balance as at the end of	
		the year		the previous year	
			Provision for		Provision for
Item	Related parties	Book balance	bad debts	Book balance	bad debts
Accounts receivable					
	Yiwu Mental Health Centre	13,524,620.00	9,049,240.00	12,024,620.00	7,548,920.00
	Hangzhou Yining Hospital Co., Ltd.			79,780.30	2,807.80
	Chongqing Hechuan Kangning Hospital Co., Ltd.	400,000.00	20,000.00		
Other receivable					
	Hangzhou Yining Hospital Co., Ltd.			8,000,000.00	8,000,000.00
	Wenzhou Longwan Yining Hospital Co., Ltd.	15,263,890.41	763,194.52	14,312,219.18	715,610.96
	Sichuan Hongji Pharmaceutical Co., Ltd.	10,204,311.69	10,204,311.69	10,204,311.69	10,204,311.69
	Yiwu Mental Health Centre	2,475,380.00	123,769.00	2,475,380.00	123,769.00
	Wang Changsheng	3,490,447.08	3,490,447.08	3,490,447.08	3,490,447.08
	Chen Guanghong	100,000.00	1,000.00	100,000.00	1,000.00
	Xu Xiuhu	80,004.00	800.04	80,004.00	800.04
	Cai Wenqin	100,187.50	2,259.38	45,187.50	2,259.38
	Ye Liangfu	30,000.00	1,500.00		

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions (*Continued*)

9.6 Unsettled items of receivables from and payables to related parties (*Continued*)

9.6.2 Payables

Item	Related parties	Book balance as at the end of the year	Book balance as at the end of the previous year
Accounts payable			
	Zhejiang Fengsheng Nutrition Technology Co., Ltd.	21,444.60	32,895.70
	Ye Liangfu	40,147.00	23,583.50
Other payables			
	Shandong Furen Hospital Management Co., Ltd.	3,832,261.70	
	Luonan Shanda Rehabilitation Hospital Co., Ltd.	1,095,000.00	1,095,000.00
	Chongqing Hechuan Kangning Hospital Co., Ltd.		3,294,491.66
	Zhejiang Yangge Property Management Co., Ltd.	2,508,250.00	2,508,250.00
	Xu Xiuhu	452,515.19	2,405,961.75
	Chen Guanghong	81,961.66	
	Hangzhou Yining Hospital Co., Ltd.		93,142.79
	Zhejiang Huangfeng Hospital Management Co., Ltd.	19,983.98	19,983.98
	Wenzhou Donghu Property Management Co., Ltd.	6,000,000.00	

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions (*Continued*)

9.7 Five individuals with highest remunerations

For January to June 2025, five individuals with highest remunerations of the Company include 2 directors (January to June 2024: 2), the remunerations of the remaining 3 individuals with highest remunerations are reflected in below table:

Item	Amount for the current period	Amount for the previous period
Basic salaries, bonuses, housing allowances and other subsidies	1,187,773.78	1,174,589.67
Share-based payments	293,640.02	17,942.58
Total	1,481,413.80	1,192,532.25

Scope of compensation	Persons in 2024	Persons in 2023
0-500,000	2	3
500,000-1,000,000.00	1	0
Total	3	3

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

10 Share-based payments

10.1 General information of share-based payment

In accordance with the H Share Award and Trust Scheme approved at the Company's first extraordinary general meeting for 2023 held on 27 September 2023, the Company signed a trust deed with the trustee to establish a trust serving the H Share Award and Trust Scheme. The trustee assists in managing the plan and, following the trust deed and the Company's instructions, purchases the Company's H-shares through market transactions. These shares are funded by the Company's foreign exchange transfer to the trust and are held and disposed of by the trustee as per the Company's directives. The H-shares under the H Share Award and Trust Scheme shall not exceed 5% of the Company's total issued capital after the authorisation date of the plan or the date of approval to update this limit, which is 3,730,015 shares.

On 12 April 2024, the Board of Directors resolved to grant a total of 363,100 reward shares to the first batch of 35 selected participants at an award price of RMB0/share, with the closing price of H-shares on the grant date being HKD11.20.

On 23 April 2024, the Board of Directors resolved to grant a total of 555,000 reward shares to the second batch of 32 selected participants at an award price of RMB7/share, with the closing price of H-shares on the grant date being HKD10.08.

On 18 June 2024, the Board of Directors resolved to grant a total of 322,000 reward shares to the third batch of 50 selected participants at an award price of RMB7/share, with the closing price of H-shares on the grant date being HKD11.94.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

10 Share-based payments *(Continued)*

10.1 General information of share-based payment *(Continued)*

According to the H Share Award and Trust Scheme, the vesting schedule and ratio for the awarded H-share rewards are as follows:

Vesting period	Vesting date	Vesting ratio
First vesting period	From the first trading day after the grant date To the last trading day within 12 months from the grant date	25%
Second vesting period	From the first trading day 12 months after the grant date To the last trading day within 24 months from the grant date	25%
Third vesting period	From the first trading day after 24 months from the date of grant To the last trading day within 36 months from the date of grant	25%
Fourth vesting period	From the first trading day 36 months after the grant date To the last trading day within 48 months from the grant date	25%

10.2 Equity-settled share-based payment

Determination method of fair value of equity instruments on grant date	Market method
Significant parameters of fair value of equity instruments on grant date	Closing price on grant date
Determination of the quantity of exercisable equity instruments	
Reason for material difference between the estimates for current period and previous period	
Accumulated amount of equity-settled share-based payment in capital reserves	51,686,727.03

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

10 Share-based payments (*Continued*)

10.3 Share-based payment fee

Granting object	Amount for the current period			Amount for the previous period		
	Equity-settled share-based payments	Cash-settled share-based payments	Total	Equity-settled share-based payments	Cash-settled share-based payments	Total
H Share Award and Trust Scheme	2,831,843.05		2,831,843.05	767,673.68		767,673.68
Total	2,831,843.05		2,831,843.05	767,673.68		767,673.68

11 Commitments and contingencies

11.1 Significant commitments

11.1.1 Significant commitments existed on the balance sheet date

The Company's commitments related to capital expenditure contracted for but not provided in the balance sheet as at the balance sheet date:

	30 June 2025	30 June 2024
Buildings and constructions, machinery equipment	63,119,306.07	55,890,951.92
Total	63,119,306.07	55,890,951.92

11.1.2 Foreign investment commitment

As of 30 June 2025, the Company had no commitments for outward investments.

11.2 Contingencies

The Company has no significant contingencies required to be disclosed.

12 Post balance sheet events

The Company has no significant post balance sheet events required to be disclosed.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

13 Capital management

The main objectives of the Company's capital management are:

Ensure the Company's ability to continue as a going concern in order to consistently give returns to shareholders and other stakeholders.

Determine the pricing of products and services based on the level of risk so as to give adequate returns to shareholders.

The Company sets the amount of capital proportional to risk, manages the capital structure and adjusts it in response to changes in the economic environment and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the dividend amount paid to shareholders and the capital returned to shareholders, and issue new shares or sell assets to reduce liabilities.

The Company monitors capital based on the adjusted liability and capital ratio.

As at the balance sheet date, the adjusted debt/capital ratio was as follows:

	Balance as at the end of the period	Balance as at the end of the previous year
Debt/capital ratio	55.35%	55.30%

14 Other significant events

14.1 Segment information

Each segment of the Company provides different products and services or engages in business operations at different areas. Due to the demands of each segment for different technology and market strategy, the Company's management monitors different segments in respect of their business activities separately, and evaluates their operating results on a regular basis in order to allocate resources and evaluate performance.

As the Company transferred its equity interest in Wenzhou Guoda Investment in June 2021, the Company had only one reporting segment.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

15 Notes to main items of financial statements of the parent company

15.1 Accounts receivable

15.1.1 Disclosure of accounts receivable by aging

Aging	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year	55,022,027.77	74,677,055.21
1–2 years	4,108,444.71	6,288,695.61
2–3 years	2,714,335.04	257,315.13
Sub-total	61,844,807.52	81,223,065.95
Less: provision for bad debts	8,259,054.12	11,526,313.86
Total	53,585,753.40	69,696,752.09

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

15 Notes to main items of financial statements of the parent company (Continued)

15.1 Accounts receivable (Continued)

15.1.2 Disclosure by category of accounts receivable under the methods of provision for bad debts

Type	Balance as at the end of the period					Balance as at the end of the previous year				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	11,769,930.45	19.03	7,673,185.18	65.19	4,096,745.27	10,763,194.65	13.25	10,725,880.17	99.65	37,314.48
Including:										
Medical fees due from patients	11,769,930.45	19.03	7,673,185.18	65.19	4,096,745.27	10,763,194.65	13.25	10,725,880.17	99.65	37,314.48
Provision for bad debts by portfolio with the credit risk characteristics	50,074,877.07	80.97	585,868.94	1.17	49,489,008.13	70,459,871.30	86.75	800,433.69	1.14	69,659,437.61
Including:										
Portfolio of overdue days	50,074,877.07	80.97	585,868.94	1.17	49,489,008.13	70,459,871.30	86.75	800,433.69	1.14	69,659,437.61
Total	61,844,807.52	100.00	8,259,054.12	/	53,585,753.40	81,223,065.95	100.00	11,526,313.86	/	69,696,752.09

Significant accounts receivable with individual provision for bad debts:

Name	Balance as at the end of the period				Balance as at the end of the previous year	
	Book balance	Provision for bad debts	Proportion of provision (%)	Basis of provision	Book balance	Provision for bad debts
Medical fees due from patients	11,769,930.45	7,673,185.18	65.19	Provision for bad debts for lifetime expected credit loss	10,763,194.65	10,725,880.17
Total	11,769,930.45	7,673,185.18	/	/	10,763,194.65	10,725,880.17

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

15 Notes to main items of financial statements of the parent company (Continued)

15.1 Accounts receivable (Continued)

15.1.2 Disclosure by category of accounts receivable under the methods of provision for bad debts (Continued)

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

Item accrued on a portfolio basis:

Name	Balance as at the end of the period		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Portfolio of overdue days	50,074,877.07	585,868.94	1.17
Total	50,074,877.07	585,868.94	/

15.1.3 Provision, reversal or recovery of provision for bad debts in current period

Type	Balance as at the end of the previous year	Changes in the current period				Balance as at the end of the period
		Provision	Recovery or reversal	Write-off or charge-off	Other changes	
Accounts receivable	11,526,313.86		1,141,090.64	2,126,169.10		8,259,054.12
Total	11,526,313.86		1,141,090.64	2,126,169.10		8,259,054.12

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

15 Notes to main items of financial statements of the parent company (Continued)

15.2 Other receivables

Item	Balance as at the end of the period	Balance as at the end of the previous year
Interest receivable	787,500.00	787,500.00
Dividends receivable	43,400,000.00	43,400,000.00
Other receivables	671,891,591.47	572,688,222.47
Total	716,079,091.47	616,875,722.47

15.2.1 Interest receivable

(1) Classification of interest receivable

Item	Balance as at the end of the period	Balance as at the end of the previous year
Time deposits	787,500.00	787,500.00
Sub-total	787,500.00	787,500.00
Less: provision for bad debts		
Total	787,500.00	787,500.00

15.2.2 Dividends receivable

(1) Breakdowns of dividends receivable

Item (or Investee)	Balance as at the end of the period	Balance as at the end of the previous year
Cangnan Kangning Hospital Co., Ltd.	4,400,000.00	4,400,000.00
Yueqing Kangning Hospital Co., Ltd.	7,000,000.00	7,000,000.00
Qingtian Kangning Hospital Co., Ltd.	16,000,000.00	16,000,000.00
Yongjia Kangning Hospital Co., Ltd.	16,000,000.00	16,000,000.00
Sub-total	43,400,000.00	43,400,000.00
Less: provision for bad debts		
Total	43,400,000.00	43,400,000.00

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

15 Notes to main items of financial statements of the parent company (Continued)

15.2 Other receivables (Continued)

15.2.3 Other receivables

(1) Disclosure by aging

Aging	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year	634,384,913.08	532,356,857.00
1–2 years	4,021,608.08	32,666,417.15
2–3 years	25,581,000.00	8,304,612.39
3–4 years	8,465,096.66	496,167.22
4–5 years	706,350.52	706,350.52
Sub-total	673,158,968.34	574,530,404.28
Less: provision for bad debts	1,267,376.87	1,842,181.81
Total	671,891,591.47	572,688,222.47

(2) Disclosure under the methods of provision for bad debts by category

Category	Balance as at the end of the period					Balance as at the end of the previous year				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis										
Provision for bad debts by portfolio with the credit risk characteristics	673,158,968.34	100.00	1,267,376.87	0.19	671,891,591.47	574,530,404.28	100.00	1,842,181.81	0.32	572,688,222.47
Including:										
Aging portfolio	53,919,600.27	8.01	1,267,376.87	2.35	52,652,223.40	65,297,554.50	11.37	1,842,181.81	2.82	63,455,372.69
Related parties in the consolidation scope	619,239,368.07	91.99			619,239,368.07	509,232,849.78	88.63			509,232,849.78
Total	673,158,968.34	100.00	1,267,376.87	/	671,891,591.47	574,530,404.28	100.00	1,842,181.81	/	572,688,222.47

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

15 Notes to main items of financial statements of the parent company (Continued)

15.2 Other receivables (Continued)

15.2.3 Other receivables (Continued)

(2) Disclosure under the methods of provision for bad debts by category (Continued)

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

Item accrued on a portfolio basis:

Name	Balance as at the end of the period		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Aging portfolio	53,919,600.27	1,267,376.87	2.35
Related parties in the consolidation scope	619,239,368.07		
Total	673,158,968.34	1,267,376.87	/

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

15 Notes to main items of financial statements of the parent company (Continued)

15.2 Other receivables (Continued)

15.2.3 Other receivables (Continued)

(3) Information of provision for bad debts

	Stage I	Stage II	Stage III	
		Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Provision for bad debts	Expected credit loss in the next 12 months			Total
Balance as at the end of the previous period	1,842,181.81			1,842,181.81
In current period, balance as at the end of the previous year				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Provision in the current period				
Reversal in the current period	574,804.94			574,804.94
Written back in the current period				
Written off in the current period				
Other changes				
Balance as at the end of the period	1,267,376.87			1,267,376.87

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

15 Notes to main items of financial statements of the parent company (Continued)

15.2 Other receivables (Continued)

15.2.3 Other receivables (Continued)

(3) Information of provision for bad debts (Continued)

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

	Stage I	Stage II	Stage III	
		Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	Total
Book balance	Expected credit loss in the next 12 months			
Balance as at the end of the previous period	574,530,404.28			574,530,404.28
In current period, balance as at the end of the previous year				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Addition for the current period	98,628,564.06			98,628,564.06
Derecognised in the current period				
Other changes				
Balance as at the end of the period	673,158,968.34			673,158,968.34

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

15 Notes to main items of financial statements of the parent company (Continued)

15.2 Other receivables (Continued)

15.2.3 Other receivables (Continued)

(4) Provision for bad debts provided for, reversed or recovered in the current period

Category	Balance as at the end of the previous period	Changes in the current period			Balance as at the end of the period
		Provision	Recovery or reversal	Write-off or charge-off Other changes	
Provision for bad debts made					
by portfolio:	1,842,181.81		574,804.94		1,267,376.87
Total	1,842,181.81		574,804.94		1,267,376.87

(5) Classification of other receivables by nature

Nature of payment	Book balance as at the end of the year	Book balance as at the end of the previous year
Other receivables of related parties within the scope of consolidation	619,239,368.07	509,232,849.78
Staff loans	35,017,000.00	38,067,000.00
Current accounts	81,266.23	1,354,960.78
Deposits and margin	1,890,100.00	1,891,780.00
Others	1,667,343.63	1,671,594.54
Receivables from related parties	15,263,890.41	22,312,219.18
Total	673,158,968.34	574,530,404.28

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

15 Notes to main items of financial statements of the parent company (Continued)

15.3 Long-term equity investments

Item	Balance as at the end of the period			Balance as at the end of the previous period		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	625,440,936.53		625,440,936.53	771,544,043.35		771,544,043.35
Investments in associates and joint ventures	64,820,069.60		64,820,069.60	63,293,944.52		63,293,944.52
Total	690,261,006.13		690,261,006.13	834,837,987.87		834,837,987.87

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

15 Notes to main items of financial statements of the parent company (Continued)

15.3 Long-term equity investments (Continued)

15.3.1 Investment in subsidiaries

Investee	Balance as at the end of the previous year	Increase/decrease in current period			Balance as at the end of the period	Balance of provision for impairment as at the end of the period
		Balance of provision for impairment as at the end of the previous year	Additional investment	Reduced investment	Provision for impairment in current period	
Loudi City Kangle Kangning Hospital Co., Ltd.	14,480,000.00			765,000.00		13,715,000.00
Wenzhou Kangning Judicial Forensic Centre	500,000.00					500,000.00
Zhejiang Kangning Hospital Management Co., Ltd.	204,839,156.10					204,839,156.10
Cangnan Kangning Hospital Co., Ltd.	52,734,559.81				121,504.64	52,856,064.45
Yueqing Kangning Hospital Co., Ltd.	2,158,750.75				36,822.31	2,195,573.06
Yongjia Kangning Hospital Co., Ltd.	27,726,747.90				25,492.37	27,752,240.27
Qingtian Kangning Hospital Co., Ltd.	32,856,644.25				39,654.79	32,896,299.04
Linhai Kangning Hospital Co., Ltd.	4,816,159.56				10,765.55	4,826,925.11
Wenzhou Lucheng Yining Hospital Co., Ltd.	51,000,000.00		9,000,000.00			60,000,000.00
Pingyang Changgong Yining Hospital Co., Ltd.	154,781,669.47			154,780,909.83	-759.64	
Jinyun Shuning Hospital Co., Ltd.	29,051,800.00					29,051,800.00
Dongkou Lening Hospital Co., Ltd.	14,510,000.00					14,510,000.00
Wenzhou Kangning Psychological Consulting Co., Ltd.	500,000.00					500,000.00
Jiaxing Julikang Zizheng Equity Investment Partnership (Limited Partnership)	6,660,000.00					6,660,000.00
Wenzhou Yining Elderly Hospital Co., Ltd.	174,928,555.51				209,322.99	175,137,878.50
Total	771,544,043.35		9,000,000.00	155,545,909.83	442,803.01	625,440,936.53

15 Notes to main items of financial statements of the parent company (Continued)

15.3 Long-term equity investments (Continued)

15.3.2 Investments in associates and joint ventures

Investee	Increase/decrease in current year									
	Balance as at the end of the previous period	Balance of provision for impairment as at the end of the previous year	Additional investment	Reduced investment	Profit or loss on investments recognised under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others
Hangzhou Anken Medical Technology Co., Ltd.	6,803,165.91				1,733,956.37					8,603,122.28
Wenzhou Longwan Yining Hospital Co., Ltd.	56,424,778.61				-207,831.29					56,216,947.32
Total	63,233,944.52				1,526,125.08					64,820,069.60

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

15 Notes to main items of financial statements of the parent company (Continued)

15.4 Revenue and cost of sales

15.4.1 Details of revenue and cost of sales

Item	Amount for the current period		Amount for the previous period	
	Income	Cost	Income	Cost
Primary business	180,177,905.15	128,368,724.76	185,441,722.90	130,785,130.41
Other business	11,453,540.65	1,950.00	7,845,218.13	
Total	191,631,445.80	128,370,674.76	193,286,941.03	130,785,130.41

Breakdown of revenue:

Item	Amount for the current period	Amount for the previous period
Income from primary business	180,177,905.15	185,441,722.90
Treatments and healthcare services	180,177,905.15	185,441,722.90
Income from other businesses	11,453,540.65	7,845,218.13
Management services	8,183,172.17	6,472,852.67
Rent income	731,085.71	209,955.19
Others	2,539,282.77	1,162,410.27
Total	191,631,445.80	193,286,941.03

15.4.2 Notes to performance obligations

Item	Time for fulfillment of obligations	Significant payment terms	Nature of the Company's transfer of the promised goods	Whether the Company is acting as principal	Amounts assumed by the Company that are expected to be refunded to customer	Types of quality assurance provided by the Company and relevant obligations
Treatments and healthcare services	At a point in time as services are rendered	Bill settlement	Diagnosis, healthcare services	Yes	None	None

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

15 Notes to main items of financial statements of the parent company (Continued)

15.5 Investment income

Item	Amount for the current period	Amount for the previous period
Long-term equity investment income calculated under the cost method		14,061,318.98
Long-term equity investment income calculated under the equity method	1,526,125.08	128,019.62
Total	1,526,125.08	14,189,338.60

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 of Directors” or “Board”	the board of directors of the Company
“Cangnan Kangning Hospital”	Cangnan Kangning Hospital Co., Ltd. (蒼南康寧醫院有限公司), a company established in the PRC with limited liability on June 15, 2012, one of the Company’s wholly owned subsidiaries
“Cangnan Yining Nursing Centre”	Cangnan Yining Nursing Centre Co., Ltd. (蒼南怡寧護理中心有限公司), a company established in the PRC with limited liability on March 9, 2021, one of the Company’s indirect wholly owned subsidiaries
“Company Law”	the Company Law of the People’s Republic of China
“Chengdu Yining Hospital”	Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd. (previously known as Chengdu Yining Hospital Co., Ltd. (成都怡寧醫院有限公司)), a company established in the PRC with limited liability on June 29, 2010, one of the Company’s indirect non-wholly owned subsidiaries
“Company” or “Wenzhou Kangning Hospital”	Wenzhou Kangning Hospital Co., Ltd., a joint stock limited liability company established under the laws of the PRC, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2120)
“CG Code”	the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules
“Changchun Kanglin Psychological Hospital”	Changchun Kanglin Psychological Hospital Co., Ltd. (長春康林心理醫院有限公司), a company established in the PRC with limited liability on February 16, 2016, one of the Company’s indirect non-wholly owned subsidiaries
“Chun’an Kangning Hospital”	Chun’an Kangning Huangfeng Hospital Co., Ltd. (淳安康寧黃鋒醫院有限公司), a company established in the PRC with limited liability on April 16, 2020, one of the Company’s indirect non-wholly owned subsidiaries
“Director(s)”	the director(s) of the Company

Definitions

“Domestic Share(s)”	ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange
“Dongkou Lening Hospital”	Dongkou Lening Hospital Co., Ltd. (洞口樂寧醫院有限公司), a company established in the PRC with limited liability on June 5, 2018, one of the Company’s direct non-wholly owned subsidiaries
“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 Company’s indirect wholly-owned subsidiaries, is principally engaged in providing medical services for the geriatric, including geriatric psychiatric and psychological treatment
“Group” or “we” or “our”	the Company and its subsidiaries
“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 Hong Kong Stock Exchange
“Heze Yining Hospital”	Heze Yining Psychiatric Hospital Co., Ltd. (荷澤怡寧精神病醫院有限公司), a company established in the PRC with limited liability on April 6, 2017, one of the Company’s indirect non-wholly owned subsidiaries
“HKD”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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

Definitions

“Incentive Share(s)”	Non-tradable and non-listed Domestic Shares granted under the Equity Incentive Scheme for subscription by the Participants through the employees’ shareholding platform. According to the provisions under the Equity Incentive Scheme regarding Incentive Shares held by the Participants through the employees’ shareholding platform, those Incentive Shares shall include the additional Shares in the event of conversion of capital reserve into share capital, bonus issues, share sub-division, etc. by the Company, whether or not the Incentive Shares are already unlocked
“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
“Lin Hai Cining Hospital”	Lin Hai Cining Hospital Co., Ltd. (臨海慈寧醫院有限公司), a company established in the PRC with limited liability on December 11, 2020, one of the Company’s indirect wholly owned subsidiaries
“Macau”	the Macau Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
“Nomination Committee”	the nomination committee of the Board
“Participant(s)”	Directors, Supervisors, senior management of the Group (including the general manager), core technical (business) personnel, and other persons who, in the opinion of the Board shall be awarded in accordance with the provisions of the Equity Incentive Scheme and be granted with the Incentive Shares
“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

Definitions

“Pingyang Kangning Hospital”	Pingyang Kangning Hospital Co., Ltd (平陽康寧醫院有限公司), a company established in the PRC with limited liability on November 2, 2015, one of the Company’s indirect wholly owned subsidiaries
“Pujiang Yining Hospital”	Pujiang Yining Huangfeng Hospital Co., Ltd. (浦江怡寧黃鋒醫院有限公司), a company established in the PRC with limited liability on September 3, 2018, one of the Company’s indirect non-wholly owned subsidiaries
“PRC” or “China”	the People’s Republic of China which, for the purpose of this interim report, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposed Interim Dividend”	the proposed interim dividend distribution plan of RMB1.80 (tax-inclusive) per 10 Shares for the six months ended June 30, 2025 subject to the approval by the Shareholders at the extraordinary general meeting as described under the section headed “INTERIM DIVIDEND” of this interim report
“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
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Yining Hospital”	Shenzhen Yining Hospital (深圳怡寧醫院, previously known as Shenzhen Yining Hospital Co., Ltd. (深圳市怡寧醫院有限公司)), a company established in the PRC with limited liability on September 22, 2014, one of the Company’s indirect non-wholly owned subsidiaries

Definitions

“Strategy and Risk Management Committee”	the strategy and risk management committee of the Board
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial Shareholder(s)”	has the meaning ascribed thereto in the Hong Kong Listing Rules
“Supervisor(s)”	the members of the Supervisory Committee
“Supervisory Committee”	the Company’s supervisory committee established pursuant to the PRC Company Law
“treasury shares”	has the meaning ascribed thereto in the Hong Kong Listing Rules
“Wenzhou Ou Hai Yining Elderly Hospital”	Wenzhou Ou Hai Yining Elderly Hospital Co., Ltd. (溫州甌海怡寧老年醫院有限公司), a company established in China with limited liability on March 8, 2021, one of the non-wholly owned subsidiaries of the Company
“Yining Psychology Internet Hospital”	Yining Psychology Internet Hospital (Wenzhou) Co., Ltd. (怡寧心理互聯網醫院(溫州)有限公司), a company established in the PRC with limited liability on March 10, 2020, one of the Company’s indirect 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

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