温州康寧醫院股份有限公司
Wenzhou Kangning Hospital Co., Ltd.
(A joint stock limited liability company incorporated in the People's Republic of China)
Stock code: 2120

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND RESIGNATION OF JOINT COMPANY SECRETARY, CHANGE OF AUTHORIZED REPRESENTATIVE AND PROCESS AGENT

1 INTRODUCTION

1.1 The Board is pleased to announce the Group's unaudited interim results for the Reporting Period, together with comparative figures for the six months ended June 30, 2025.

1.2 The financial statements (the "**Financial Statements**") of the Group for the Reporting Period are prepared in accordance with China Accounting Standards for Business Enterprises.

2 FINANCIAL HIGHLIGHTS

2.1 Principal Financial Data and Indicators

	For the six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue	**829,481**	738,562
Profit before income tax	**23,715**	41,980
Income tax expenses	**1,528**	15,210
Net profit	**22,187**	26,769
Net profit attributable to shareholders of the Company	**33,773**	36,530
Non-controlling interests	**-11,586**	-9,761

	As at June 30, 2026	As at December 31, 2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Total assets	**2,924,927**	3,025,567
Total liabilities	**1,604,226**	1,713,937
Total equity	**1,320,701**	1,311,630
Equity attributable to shareholders of the Company	**1,206,196**	1,187,819
Non-controlling interests	**114,505**	123,811

	For the six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Net cash used in operating activities	**111,549**	198,522
Net cash used in investing activities	**-52,515**	-126,962
Net cash generated from financing activities	**-35,720**	6,317
Net increase in cash and cash equivalents	**23,240**	77,874

3 BUSINESS REVIEW AND OUTLOOK

In the first half of 2026, the domestic economy experienced a gradual recovery, and the rigid demand for healthcare consumption among residents continued to be unleashed. The healthcare industry entered a new cycle characterised by the intensive implementation of policies, accelerated structural differentiation, and value-driven upgrades. Meanwhile, industry constraints such as the refined cost control of medical insurance and the normalisation of compliance supervision continued to deepen. Non-public healthcare providers fully shifted their focus from scale expansion to quality and efficiency enhancement, compliant operations, and specialised and differentiated competition. During the Reporting Period, the Group firmly adhered to its dual-engine core strategy of psychiatric healthcare services and elderly healthcare services. It continuously optimised its business structure, strengthened the synergy between its two main businesses, and refined its lean operations, thereby maintaining a robust operational foundation amid structural adjustments in the industry and continuously consolidating its core competitiveness.

In the first half of 2026, the Group recorded a revenue from operation of RMB829.5 million, an increase of 12.3% compared with the same period last year. Among them, the revenue from operating its owned hospitals reached RMB709.7 million, an increase of 2.7% compared with the same period last year. During the Reporting Period, the Group achieved a net profit attributable to Shareholders of the Company of RMB33.8 million, a decrease of 7.5% compared with the same period last year. As of June 30, 2026, the number of the Group's owned hospitals increased to 35 (December 31, 2025: 34), including an independently established internet hospital (Yining Psychology Internet Hospital), and the number of operating beds decreased to 11,308 (December 31, 2025: 11,508).

Psychiatric Healthcare Business

In the first half of 2026, the national "Special Action for Mental Health Services" continued to advance, and the demand for full-life-cycle mental health services continued to expand. Facing the new industry landscape characterised by the deepening reform of medical insurance payment models, as well as normalised compliance supervision, the Group further consolidated the core fundamentals of its psychiatric healthcare business. The Group focused on the development of sub-specialties, such as child and adolescent psychology and elderly psychiatric disorders, and improved its full-cycle diagnosis, treatment, and rehabilitation service system. During the Reporting Period, the Group continuously enhanced its medical quality control and medical record management, optimised its disease type mix and bed operational efficiency, and strictly controlled operational and compliance risks. Leveraging its standardised diagnosis and treatment system and brand advantages, the operations of its core business remained stable.

As of June 30, 2026, the Group had a total of 26 physical owned hospitals principally engaged in the provision of psychiatric healthcare services. The following table sets forth the distribution, number, and number of operating beds of the owned hospitals of the Group's psychiatric healthcare business as of June 30, 2026:

	As at June 30, 2026		As at December 31, 2025	
	Number of institutions	**Number of operating beds**	Number of institutions	Number of operating beds
Regions within Zhejiang Province	**16**	**6,580**	16	6,580
Regions outside Zhejiang Province	**10**	**1,948**	10	2,128
Total	**26**	**8,528**	26	8,708

Elderly Healthcare Business

In recent years, the elderly healthcare sector has entered a period of intensive implementation of industry policies. With the full nationwide rollout of long-term care insurance in 2026 and the continued improvement of supporting policies for the integration of medical and elderly care services, the payment system for elderly long-term care is becoming increasingly mature, thereby accelerating the standardised and large-scale development of the geriatric healthcare market. The Group has fully leveraged its advantages in specialised service coordination, focusing on differentiated sub-sectors including cognitive impairment among the elderly, comorbidity management and long-term care for the disabled, and has continued to implement an integrated medical and elderly care service model encompassing "medical care + rehabilitation + long-term care". During the Reporting Period, we continued to refine our standardised operating system, further strengthened cost reduction and efficiency enhancement management, proactively aligned with the expansion of long-term care insurance policies in various regions and optimised our regional business deployment, thereby enhancing our differentiated competitive advantages.

As of June 30, 2026, the Group had a total of 8 owned hospitals principally engaged in the provision of elderly healthcare services, and 1 healthcare and wellness project under construction. The following table sets forth the distribution, number and number of operating beds of the owned hospitals of the Group's elderly healthcare business as of June 30, 2026:

	As at June 30, 2026		As at December 31, 2025	
	Number of institutions	**Number of operating beds**	Number of institutions	Number of operating beds
Wenzhou region	**7**	**2,610**	6	2,630
Hangzhou region	**1**	**170**	1	170
Total	**8**	**2,780**	7	2,800

Looking ahead, as reforms in China's healthcare industry continue to deepen, supporting policies relating to mental health and elderly healthcare will be implemented at an accelerated pace, and privately operated medical institutions enter a stage of standardised and high-quality development, while the external environment continues to be subject to numerous uncertainties. The Group will maintain a prudent operating approach, proactively address multiple challenges, including policy changes, industry competition and rising costs, remain committed to its core medical business, continuously enhance the quality of its medical services, adhere to its core dual-engine development strategy focusing on psychiatric healthcare and elderly healthcare, and coordinate external expansion with improvements in the quality of internal operations, striving to create long-term value for its Shareholders.

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review

The Group recorded a revenue from operation of RMB829.5 million during the Reporting Period (for the six months ended June 30, 2025: RMB738.6 million), representing an increase of 12.3% compared with the same period of 2025. Among them, revenue from the operation of owned hospitals amounted to RMB709.7 million (for the six months ended June 30, 2025: RMB690.9 million), representing an increase of 2.7% compared with the same period of 2025. During the Reporting Period, the gross profit margin of the Group's owned hospitals was 25.0% (for the six months ended June 30, 2025: 24.2%). The overall gross profit of the Group increased to RMB204.4 million, representing an increase of 8.0% compared with the same period of 2025. During the Reporting Period, net profit attributable to Shareholders of the Company amounted to RMB33.8 million, representing a decrease of 7.5% compared with the same period of 2025. During the Reporting Period, the net cash generated from operating activities of the Group amounted to RMB111.5 million (for the six months ended June 30, 2025: RMB198.5 million), representing a decrease of 43.8% compared with the same period of 2025.

4.1.1 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,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue from operating owned hospitals	**709,707**	690,903
Including: Revenue from psychiatric healthcare business	**494,396**	489,760
Revenue from elderly healthcare business	**215,311**	201,143
Revenue from other healthcare related business	**119,410**	46,753
Other revenue not related to healthcare business	**364**	906
Total revenue	**829,481**	738,562

Revenue and cost of revenue from operating its owned hospitals

Revenue from operating its owned hospitals consists of fees charged for outpatient visits and inpatient services at the Group's various hospitals ("**Billing Revenue**"), 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, primarily comprising medical insurance settlement differences.

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,	
	2026	2025
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Billing Revenue from owned hospitals	**695,921**	722,440
Including: Revenue from psychiatric healthcare business	**488,038**	515,802
Revenue from elderly healthcare business	**207,883**	206,638
Less: Variable considerations	**-13,786**	31,537
Revenue from operating owned hospitals – net	**709,707**	690,903

During the Reporting Period, the Group's Billing Revenue from its owned hospitals amounted to RMB695.9 million, representing a decrease of 3.7% compared with the same period of 2025, 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 RMB-13.8 million, representing a decrease of RMB45.3 million compared with the same period of 2025. The proportion of variable considerations to Billing Revenue decreased to -2.0% (for the six months ended June 30, 2025: 4.4%).

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,	
	2026	2025
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Billing Revenue from psychiatric healthcare business	**488,038**	515,802
Cost of revenue	**352,818**	351,923
Gross profit	**135,220**	163,879
Billing Revenue from elderly healthcare business	**207,883**	206,638
Cost of revenue	**179,396**	171,970
Gross profit	**28,487**	34,668

During the Reporting Period, the Group's Billing Revenue from its owned hospitals amounted to RMB695.9 million, representing a decrease of RMB26.5 million compared with the same period of 2025, mainly due to the decrease in Billing Revenue from Geriatric Hospital, Yongjia Kangning Hospital, Yueqing 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 17.5% compared with the same period of 2025, mainly due to the decrease in average inpatient spending per day per bed.

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

Psychiatric healthcare business

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	*(Unaudited)*
Inpatients		
Inpatient bed as at period end	**8,528**	8,918
Effective inpatient service bed-day capacity	**1,543,568**	1,614,158
Utilization rate *(%)*	**90.3**	88.1
Number of inpatient bed-days	**1,394,373**	1,422,112
Treatment and general healthcare services revenue attributable to inpatients *(RMB'000)*	**368,484**	387,395
Average inpatient spending per bed-day on treatment and general healthcare services *(RMB)*	**264**	272
Pharmaceutical sales revenue attributable to inpatients *(RMB'000)*	**39,945**	44,393
Average inpatient spending per bed-day on pharmaceutical sales *(RMB)*	**29**	31
Total inpatient revenue *(RMB'000)*	**408,429**	431,788
Total average inpatient spending per bed-day *(RMB)*	**293**	304
Outpatients		
Number of outpatient visits	**208,483**	308,444
Treatment and general healthcare services revenue attributable to outpatients *(RMB'000)*	**20,153**	21,140
Average outpatient spending per visit on treatment and general healthcare services *(RMB)*	**97**	69
Pharmaceutical sales revenue attributable to outpatients *(RMB'000)*	**59,456**	62,873
Average outpatient spending per visit on pharmaceutical sales *(RMB)*	**285**	204
Total outpatient revenue *(RMB'000)*	**79,609**	84,013
Total average outpatient spending per visit *(RMB)*	**382**	272

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	*(Unaudited)*
Total treatment and general healthcare services revenue *(RMB'000)*	**388,637**	408,535
Total pharmaceutical sales revenue *(RMB'000)*	**99,401**	107,266

During the Reporting Period, inpatient Billing Revenue from psychiatric healthcare business amounted to RMB408.4 million, representing a decrease of 5.4% compared with the same period of 2025, mainly due to the decrease in per bed-day spending compared with the same period last year at its owned hospitals, including Wenzhou Kangning Hospital, Yueqing Kangning Hospital, Taizhou Kangning Hospital, Wenling Nanfang 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, 2025: 83.7%).

During the Reporting Period, outpatient Billing Revenue from psychiatric healthcare business amounted to RMB79.6 million, representing a decrease of 5.2% compared with the same period of 2025, mainly due to a decrease of 32.4% in outpatient visits while average outpatient spending per visit increased by 40.4%. 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, 2025: 16.3%).

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 4.9% compared with the same period of 2025, increasing to 79.6% of total Billing Revenue from psychiatric healthcare business (for the six months ended June 30, 2025: 79.2%); while Billing Revenue from pharmaceutical sales decreased by 7.3% compared with the same period of 2025, accounting for 20.4% of total Billing Revenue from psychiatric healthcare business (for the six months ended June 30, 2025: 20.8%). Among them, the proportion of inpatient pharmaceutical sales Billing Revenue to total inpatient Billing Revenue decreased to 9.8% (for the six months ended June 30, 2025: 10.3%), and the proportion of outpatient pharmaceutical sales revenue to total outpatient Billing Revenue decreased to 74.7% (for the six months ended June 30, 2025: 74.8%).

Elderly healthcare business

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	*(Unaudited)*
Inpatients		
Inpatient bed as at period end	**2,780**	2,900
Effective inpatient service bed-day capacity	**499,580**	499,230
Utilization rate *(%)*	**93.8**	85.3
Number of inpatient bed-days	**468,799**	425,751
Treatment and general healthcare services revenue attributable to inpatients *(RMB'000)*	**154,590**	151,629
Average inpatient spending per bed-day on treatment and general healthcare services *(RMB)*	**330**	356
Pharmaceutical sales revenue attributable to inpatients *(RMB'000)*	**45,691**	44,099
Average inpatient spending per bed-day on pharmaceutical sales *(RMB)*	**97**	104
Total inpatient revenue *(RMB'000)*	**200,281**	195,728
Total average inpatient spending per bed-day *(RMB)*	**427**	460
Outpatients		
Number of outpatient visits	**24,505**	33,327
Treatment and general healthcare services revenue attributable to outpatients *(RMB'000)*	**2,956**	4,960
Average outpatient spending per visit on treatment and general healthcare services *(RMB)*	**121**	149
Pharmaceutical sales revenue attributable to outpatients *(RMB'000)*	**4,646**	5,950
Average outpatient spending per visit on pharmaceutical sales *(RMB)*	**190**	179
Total outpatient revenue *(RMB'000)*	**7,602**	10,910
Total average outpatient spending per visit *(RMB)*	**311**	327
Total treatment and general healthcare services revenue *(RMB'000)*	**157,546**	156,589
Total pharmaceutical sales revenue *(RMB'000)*	**50,337**	50,049

During the Reporting Period, inpatient Billing Revenue from elderly healthcare business amounted to RMB200.3 million, representing an increase of 2.3% compared with the same period of 2025, mainly due to a 10.1% increase in the number of inpatient bed-days of the elderly healthcare business compared to the same period of 2025, resulting from the acquisition of Hangzhou Yining Hospital. The proportion of inpatient Billing Revenue from elderly healthcare business to total Billing Revenue from elderly healthcare business was 96.3% (for the six months ended June 30, 2025: 94.7%).

During the Reporting Period, outpatient Billing Revenue from elderly healthcare business amounted to RMB7.6 million, representing a decline of 30.3% compared with the same period of 2025, mainly due to a decrease of 26.5% in outpatient visits caused by the decline in outpatient business of Pingyang Changgeng Yining Hospital and a decrease of 4.9% in average outpatient spending per visit. The proportion of outpatient Billing Revenue from elderly healthcare business to total Billing Revenue from elderly healthcare business was 3.7% (for the six months ended June 30, 2025: 5.3%).

During the Reporting Period, due to the increase in inpatient business of elderly healthcare business, Billing Revenue from treatment and general healthcare services of elderly healthcare business increased by 0.6% compared with the same period of 2025, accounting for 75.8% of total Billing Revenue from elderly healthcare business (for the six months ended June 30, 2025: 75.8%); while Billing Revenue from pharmaceutical sales increased by 0.6% compared with the same period of 2025, accounting for 24.2% of total Billing Revenue from elderly healthcare business (for the six months ended June 30, 2025: 24.2%). Among them, the proportion of inpatient pharmaceutical sales Billing Revenue to total inpatient Billing Revenue increased to 22.8% (for the six months ended June 30, 2025: 22.5%), and the proportion of outpatient pharmaceutical sales revenue to total outpatient Billing Revenue increased to 61.1% (for the six months ended June 30, 2025: 54.5%).

The cost of revenue of the Group's owned hospitals mainly includes pharmaceuticals and consumables used, employee benefits and expenses, depreciation and amortization of long-term assets, 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,	
	2026	2025
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Pharmaceuticals and consumables used	**145,891**	149,554
Employee benefits and expenses	**234,229**	233,447
Depreciation and amortization of long-term assets	**68,127**	57,175
Canteen expenses	**34,739**	33,470
Testing fees	**6,181**	5,413
Others	**43,047**	44,834
Cost of revenue of owned hospitals	**532,214**	523,893

During the Reporting Period, the cost of revenue of the Group's owned hospitals increased to RMB532.2 million, representing an increase of 1.6% compared with the same period of 2025. This was mainly due to: (i) a 2.4% decrease in the cost of pharmaceuticals and consumables compared with the same period of 2025; (ii) a 0.3% increase in employee benefits and expenses compared with the same period of 2025; and (iii) a 19.2% increase in depreciation and amortization of long-term assets compared with the same period of 2025.

In terms of cost structure, the proportion of pharmaceuticals and consumables used to the cost of revenue of owned hospitals decreased to 27.4% (for the six months ended June 30, 2025: 28.6%), the proportion of employee benefits and expenses to the cost of revenue of owned hospitals decreased to 44.0% (for the six months ended June 30, 2025: 44.6%), and the proportion of depreciation and amortization of long-term assets to the cost of revenue of owned hospitals was 12.8% (for the six months ended June 30, 2025: 10.9%).

Revenue from other healthcare related business

The revenue from other healthcare related business of the Group primarily includes revenue from sales of medical devices and pharmaceutical sales outside the hospitals, revenue from non-medical care service, revenue from social psychological service, revenue from healthcare information technology business, etc. During the Reporting Period, the Group's revenue from other healthcare-related business amounted to RMB119.4 million, of which revenue from sales of pharmaceuticals and medical devices outside hospitals was RMB72.5 million (for the six months ended June 30, 2025: RMB28.3 million); revenue from non-medical care service increased by 646.2% compared with the same period of 2025, mainly due to the Group's acquisition of a care services company in September 2025. The table below sets forth a breakdown of the revenue from other healthcare related business of the Group for the periods indicated:

Items	**For the six months ended June 30,**	
	2026	2025
	(RMB'000)	*(RMB'000)*
Revenue from sales of medical devices and pharmaceuticals outside the hospitals	**72,543**	28,288
Revenue from non-medical care service	**41,972**	5,625
Other revenue	**4,895**	12,840
Revenue from the other healthcare related business	**119,410**	46,753

4.1.2 Gross Profit and Gross Profit Margin

During the Reporting Period, the total gross profit of the Group on an operating revenue basis amounted to RMB204.4 million, representing an increase of 8.0% compared with the same period of 2025; the gross profit of the owned hospital business on an operating revenue basis amounted to RMB177.5 million, representing an increase of 6.3% compared with the same period of 2025. 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,	
	2026	2025
	(Unaudited)	*(Unaudited)*
Owned hospitals businesses	**25.0%**	24.2%
Psychiatric healthcare business	**28.6%**	28.4%
Elderly healthcare business	**16.7%**	16.4%
Other businesses	**22.5%**	46.6%
Consolidated gross profit margin	**24.6%**	25.6%

During the Reporting Period, the consolidated gross profit margin of the Group decreased to 24.6% (for the six months ended June 30, 2025: 25.6%).

4.1.3 Tax and Surcharge

During the Reporting Period, the taxes and surcharges of the Group amounted to RMB6.2 million (for the six months ended June 30, 2025: RMB5.1 million).

4.1.4 Selling Expenses

During the Reporting Period, the selling expenses of the Group amounted to RMB3.7 million (for the six months ended June 30, 2025: RMB3.7 million), mainly representing promotion expenses relating to pharmaceutical companies, Internet hospitals and other non-owned hospitals. Selling expenses accounted for 0.5% of the Group's revenue from operating owned hospitals (for the six months ended June 30, 2025: 0.5%).

4.1.5 Administrative Expenses

During the Reporting Period, the administrative expenses of the Group mainly include employee benefits and expenses, depreciation and amortization, professional service fees, travelling 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,	
	2026	2025
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Employee benefits and expenses	**69,009**	71,695
Depreciation and amortization	**16,490**	15,388
Professional service fees	**5,739**	4,666
Travelling expenses	**1,719**	2,039
Others	**24,452**	28,032
Total administrative expenses	**117,409**	121,820

During the Reporting Period, the administrative expenses of the Group amounted to RMB117.4 million, representing a decrease of 3.6% compared with the same period of 2025, mainly due to a decrease of 3.7% in employee benefits and expenses compared with the same period of 2025. During the Reporting Period, administrative expenses accounted for 16.5% of the Group's revenue from operating owned hospitals (for the six months ended June 30, 2025: 17.6%).

4.1.6 Research and Development Expenses

During the Reporting Period, the research and development expenses of the Group mainly include clinical research, development of informatization software 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,	
	2026	2025
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Clinical research	**11,909**	11,923
Development of informatization software	**2,993**	2,933
Construction of Internet hospital platform	**709**	807
Total	**15,611**	15,663

During the Reporting Period, the Group's research and development expenses amounted to RMB15.6 million (for the six months ended June 30, 2025: RMB15.7 million), representing a decrease of 0.3% compared with the same period of 2025. Research and development expenses accounted for 2.2% of the Group's revenue from operating owned hospitals (for the six months ended June 30, 2025: 2.3%).

4.1.7 Finance Expenses – Net

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

	For the six months ended June 30,	
	2026	2025
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Interest income	**-1,877**	-587
Foreign exchange losses	**73**	2
Bank borrowing interest expense	**12,550**	13,723
Interest expenses on lease liabilities	**4,258**	4,654
Interest expenses on finance leases	**1,927**	3,682
Others	**1,199**	533
Finance expenses – net	**18,130**	22,007

During the Reporting Period, the net finance expenses of the Group amounted to RMB18.1 million, representing a decrease of RMB3.9 million compared with the same period of 2025, of which bank borrowing interest expenses decreased by RMB1.2 million compared with the same period of 2025, mainly due to the reduction in the interest rate on the Group's bank borrowings; interest expenses on finance leases decreased by RMB1.8 million compared with the same period of 2025, mainly due to the decrease in the balance of finance lease liabilities.

4.1.8 Investment Income

Our investment income includes share of losses/gains of investments accounted for using the equity method, gains arising from disposal of long-term equity investments, gains from disposal of financial liabilities held for trading 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,	
	2026	2025
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Share of investment losses/gains accounted for under the equity method	**3,177**	-1,206
Gains on disposal of long-term equity investments	**5,864**	5,033
Gains from disposal of financial liabilities held for trading	**-1,994**	**–**
Gains from investment in wealth management products	**–**	5
	7,047	3,832

During the Reporting Period, our investment income amounted to RMB7.0 million.

4.1.9 Credit Impairment Losses

During the Reporting Period, credit impairment losses amounted to RMB17.9 million (for the six months ended June 30, 2025: RMB-7.6 million).

4.1.10 Losses/gains from Disposal of Assets

During the Reporting Period, gains from disposal of assets amounted to RMB0.05 million (gains from disposal of assets for the six months ended June 30, 2025: RMB1.3 million).

4.1.11 Non-Operating Income and Non-Operating Expenses

Our non-operating income mainly includes government grants, donation income, payables that cannot be paid, etc., while non-operating expenses mainly include losses on disposal of non-current assets, donation expenses, medical dispute expenses, etc. 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,	
	2026	2025
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Government grants	**–**	4
Donations received	**–**	6
Payables that cannot be paid	**1,091**	–
Other non-operating income	**699**	56
Non-operating income	**1,790**	66
Losses on scrapping of non-current assets	**264**	794
Donation expenses	**49**	734
Expenses on medical disputes	**1,128**	549
Other non-operating expenses	**16,533**	1,722
Non-operating expenses	**17,974**	3,799

During the Reporting Period, the non-operating income of the Group amounted to RMB1.8 million, representing an increase of RMB1.7 million compared with the same period of last year. During the Reporting Period, the non-operating expenses of the Group increased to RMB18.0 million, mainly due to an increase of RMB14.8 million in other non-operating expenses compared with the same period of 2025.

4.1.12 Income Tax Expense

During the Reporting Period, income tax expense decreased to RMB1.5 million (for the six months ended June 30, 2025: RMB15.2 million), representing a decrease of 90.0% compared with the same period of 2025. During the Reporting Period and for the six months ended June 30, 2025, our effective tax rates were 6.4% and 36.2% respectively.

4.2 Financial Position

4.2.1 Inventory

As of June 30, 2026, inventory balance amounted to RMB43.8 million (as of December 31, 2025: RMB46.0 million), mainly including inventory of pharmaceuticals and turnover materials.

4.2.2 Accounts Receivable

As of June 30, 2026, the balance of accounts receivable amounted to RMB400.9 million (as of December 31, 2025: RMB462.9 million), representing a decrease of 13.4% compared with the balance as of December 31, 2025, mainly due to the increase in the daily pre-settlement amount due to the change in pre-settlement rules of the medical insurance plan.

During the Reporting Period, the accounts receivable turnover days of the Group were 94 days (for the six months ended June 30, 2025: 122 days).

4.2.3 Other Receivables and Prepayments

As of June 30, 2026, other receivables and prepayments decreased to RMB90.7 million (as of December 31, 2025: RMB93.6 million).

4.2.4 Long-term Equity Investments

As of June 30, 2026, the balance of long-term equity investments was RMB95.9 million (as of December 31, 2025: RMB95.9 million).

4.2.5 Other Non-current Financial Assets

As of June 30, 2026, the balance of other non-current financial assets was RMB23.9 million (as of December 31, 2025: RMB28.1 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)).

4.2.6 Fixed Assets

As of June 30, 2026, the balance of fixed assets amounted to RMB1,175.0 million (as of December 31, 2025: RMB1,159.4 million).

4.2.7 Construction in Progress

As of June 30, 2026, the balance of construction in progress was RMB18.0 million (as of December 31, 2025: RMB13.1 million).

4.2.8 Right-of-use Assets

As of June 30, 2026, right-of-use assets decreased to RMB176.8 million (as of December 31, 2025: RMB192.4 million).

4.2.9 Intangible Assets

As of June 30, 2026, intangible assets decreased to RMB256.8 million (as of December 31, 2025: RMB285.8 million).

4.2.10 Goodwill

As of June 30, 2026, the goodwill was RMB126.5 million (as of December 31, 2025: RMB126.5 million).

4.2.11 Long-term Prepaid Expenses

As of June 30, 2026, long-term prepaid expenses decreased to RMB99.5 million (as of December 31, 2025: RMB121.6 million), mainly due to the new decoration expenses of RMB2.7 million during the Reporting Period and the amortization or transfer of decoration costs of RMB24.7 million.

4.2.12 Deferred Tax Assets

As of June 30, 2026, deferred tax assets decreased to RMB52.6 million (as of December 31, 2025: RMB55.3 million).

4.2.13 Accounts Payable

As of June 30, 2026, accounts payable decreased to RMB124.0 million (as of December 31, 2025: RMB160.8 million).

4.2.14 Receipts in Advance

As of June 30, 2026, receipts in advance increased to RMB38.3 million (as of December 31, 2025: RMB23.3 million).

4.2.15 Other Payables

As of June 30, 2026, other payables decreased to RMB83.6 million (as of December 31, 2025: RMB91.9 million).

4.3 Liquidity and Capital Resources

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

	For the six months ended June 30,	
	2026	2025
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Net cash generated from operating activities	**111,549**	198,522
Net cash used in investing activities	**-52,515**	-126,962
Net cash used in financing activities	**-35,720**	6,317
Net increase in cash and cash equivalents	**23,240**	77,874

4.3.1 Net Cash Generated from Operating Activities

During the Reporting Period, net cash generated from operating activities amounted to RMB111.5 million, mainly including net profit attributable to the parent company of RMB33.8 million, adjustments of RMB17.9 million for credit impairment losses and asset impairment losses, and adjustments of RMB83.8 million for depreciation and amortization of various assets. Cash inflow from changes in working capital amounted to RMB-16.0 million.

4.3.2 Net Cash Used in Investing Activities

During the Reporting Period, net cash used in investing activities amounted to RMB52.5 million, mainly due to the purchase of property, plant and equipment of RMB62.3 million, including infrastructure investments in Longquan Kangning Hospital, Lucheng Yining Hospital and Linhai Cining Hospital.

4.3.3 Net Cash Used in Financing Activities

During the Reporting Period, net cash used in financing activities amounted to RMB35.7 million.

4.3.4 Significant Investment, Acquisition and Disposal

The Group had no significant investments, acquisitions or disposals during the six months ended June 30, 2026.

As of the date of this announcement, the Group had no specific plan authorized by the Board on significant investment in or acquisition of capital assets.

4.4 Indebtedness

4.4.1 Bank Borrowings

As of June 30, 2026, the balance of bank borrowings of the Group amounted to RMB940.7 million (as of December 31, 2025: RMB989.2 million), mainly due to the repayment of borrowings of RMB268.0 million and an increase in borrowings of RMB219.5 million during the Reporting Period.

4.4.2 Contingent Liabilities

As of June 30, 2026, the Group had no contingent liabilities or guarantees that would have a material impact on the Group's financial position or operations.

4.4.3 Asset Pledge

The Group's Wenzhou Kangning Hospital pledged real estate with property right certificates numbered Wenfangquan Lucheng District No.826751, Wenfangquan Lucheng District No.826750, Zhejiang (2016) Wenzhou Real Estate Right No.0010144, Zhejiang (2016) Wenzhou Real Estate Right No.0010142, Zhejiang (2021) Wenzhou Real Estate Right No.0081628, Wenguoyong (2015) No.1-11836 and Wenguoyong (2015) No.1-11833 to China Minsheng Bank Wenzhou Longwan Sub-branch, and Zhejiang (2017) Cangnan County Real Estate Right No.0018361 to Industrial and Commercial Bank of China Ouhai Sub-branch to obtain bank loans. As of June 30, 2026, the balance of such pledged loans was RMB382.6 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, 2026, the balance of such pledged loan was RMB108.1 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, 2026, 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, 2026, the balance of such pledged loan was RMB55.7 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, 2026, the balance of such pledged loan was RMB71.3 million.

4.4.4 Lease Liabilities

The Group's lease liabilities mainly include operating lease arrangements. As of June 30, 2026, after deducting the amount of RMB40.5 million due within one year, the present value of outstanding lease payments under non-cancellable lease agreements was RMB134.6 million.

4.4.5 Financial Instruments

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

4.4.6 Exposure to Fluctuation in Exchange Rates

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

During the six months ended June 30, 2026, the Group did not use any derivative financial instruments to hedge against its exposure to exchange rate risk. The management of the Company manages the exchange rate risk by closely monitoring the movement of foreign currency rates, and will consider hedging against significant foreign currency exposures should such need arise.

4.4.7 Gearing Ratio

As of June 30, 2026, the Group's gearing ratio (total liabilities divided by total assets) was 54.8% (as of December 31, 2025: 56.6%).

4.4.8 Employees and Remuneration Policy

As of June 30, 2026, the Group had a total of 5,586 employees (as of December 31, 2025: 5,354 employees). During the Reporting Period, employee remuneration (including salaries and other forms of employee benefits) was approximately RMB344.8 million (for the six months ended June 30, 2025: RMB323.8 million). The average employee remuneration (including social insurance plans and housing provident fund plans borne by the Group) was RMB124.3 thousand per year. Remuneration is determined with reference to the salary levels of the same industry and the qualifications, experience and performance of employees.

4.4.8.1Equity Incentive Scheme

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

Under the Equity Incentive Scheme, participants of the first actual grant comprised a total of 165 persons, with 1,818,529 incentive shares being granted. Participants of the second phase of the actual grant comprised a total of 23 persons, with 180,516 incentive shares being granted. Participants (including connected persons) of the third phase of the actual grant comprised a total of 13 persons, with 540,229 incentive shares being granted. As of the date of this announcement, a total of 8 participants exited, corresponding to a total of 79,274 incentive shares. As of the date of this announcement, participants of the actual grant under the Equity Incentive Scheme comprised 193 persons, and all 2,460,000 incentive shares proposed to be granted had been granted. The incentive shares granted accounted for 3.4944% of the total issued share capital of the Company as of the date of this announcement, and were unlocked at one time after 48 months from the date of grant at the grant price of RMB10.47 per share.

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

4.4.8.2 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 award shares being granted. The selected participants (including connected persons) of the third phase of the actual grant comprised a total of 52 persons, with 335,000 award shares being granted. As of the date of this announcement, a total of 13 participants exited, corresponding to a total of 105,000 award shares. As of the date of this announcement, the selected participants of the actual grant under the H Share Award and Trust Scheme comprised 98 persons, and a total of 1,240,100 award shares had been granted while a total of 19,500 award shares were forfeited. The award shares granted accounted for approximately 1.7615% of the total issued share capital of the Company as of the date of this announcement. For details of the grant plan, please refer to the circular of the Company dated September 8, 2023 and the announcements of the Company dated September 27, 2023, April 12, 2024, April 23, 2024 and June 18, 2024.

5 PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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, 2026, except for 1,959,800 H Shares repurchased but not yet cancelled, the Company did not hold any treasury shares.

6 EVENTS AFTER THE REPORTING PERIOD

Full Circulation of Shares

References are made to the announcements of the Company dated August 21, 2025, July 2, 2026, July 7, 2026 and July 27, 2026, respectively, in relation to, among other things, the application for the full circulation of shares by the Company, the issuance of the filing notice regarding the full circulation of shares of the Company by the CSRC, the grant of listing approval by the Stock Exchange for the full circulation of shares of the Company and the completion of the full circulation of shares of the Company.

The conversion of 9,286,359 Domestic Shares of the Company into H Shares was completed on July 27, 2026, and the converted H Shares have been listed on the Stock Exchange since 9:00 a.m. on July 28, 2026. Upon completion of the conversion and listing, the issued share capital of the Company comprises 43,473,641 Domestic Shares and 26,925,459 H Shares.

Public Float

References are made to the announcements of the Company dated February 5, 2026, March 2, 2026, April 9, 2026, May 7, 2026, June 3, 2026 and July 6, 2026 respectively in relation to the insufficient public float of the Company; and the announcement of the Company dated July 27, 2026 in relation to the completion of the full circulation of shares of the Company.

Due to the repurchase of H Shares by the Company on the Stock Exchange commencing on August 14, 2025, coupled with the fact that the time required by the CSRC to complete the relevant filings for the full circulation of Shares after the Company's application was submitted to the CSRC on August 21, 2025 substantially exceeded the Company's expectations and past practice, the Company failed to complete the conversion of 9,286,359 Domestic Shares into H Shares in accordance with the original timeline. As a result, since September 4, 2025, the Company's public float has declined to approximately 24.11%, falling below the requirement that at least 25% of the total number of issued shares of the Company must be held by the public under Rule 19A.28B of the Listing Rules (the "**Minimum Prescribed Percentage**").

Upon completion of the conversion and listing, an aggregate of 26,258,059 H Shares of the Company are held by the public, representing approximately 37.30% of the total number of issued shares of the Company as at the date of this announcement. Accordingly, the public float of the Company has been restored to the Minimum Prescribed Percentage as required under Rule 19A.28B of the Listing Rules.

Save as disclosed above, no material post-reporting period events occurred in the Group from the end of the Reporting Period to the date of this announcement.

7 REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed this interim results announcement and the Group's financial information for the six months ended June 30, 2026, and confirmed that it complies with applicable accounting standards, standards and regulations and makes appropriate disclosures.

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

8 INTERIM DIVIDEND

The Board proposes to declare an interim dividend. Based on the total share capital before the record date ("**Record Date**") determined by the implementation of the 2026 interim profit distribution plan (as of the date of this announcement, the total share capital of the Company is 70,399,100 shares), a cash dividend of RMB1.8 per 10 Shares (inclusive of tax) will be distributed to all Shareholders. The total proposed cash dividend is RMB12,671,838 (inclusive of tax), accounting for 37.5% of the net profit attributable to shareholders of the parent company in the consolidated statement for the Reporting Period. The Proposed Interim Dividend will be denominated and declared in RMB, paid in RMB to Domestic Share holders and in HKD to H Share holders. The exchange rate for the Proposed Interim Dividend paid in HKD will be the average benchmark exchange rate of HKD to RMB announced by the People's Bank of China in the five working days prior to the date of declaration of the Proposed Interim Dividend (which is the date of the Company's extraordinary general meeting).

For the purpose of ascertaining Shareholders who qualify for the Proposed Interim Dividend, the register of members for H Shares will be closed from September 10, 2026 to September 15, 2026 (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 October 5, 2026 to the Shareholders whose names appear on the register of members on the Record Date (September 15, 2026). 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 September 9, 2026 for registration.

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

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

9 COMPLIANCE WITH CG CODE

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

10 ACCOUNTING STANDARDS

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

11 FINANCIAL REPORT

11.1 Accounting Policies

11.1.1 Accounting Policies

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises – Basic Standard, and the specific accounting standards and the relevant regulations issued by the Ministry of Finance (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 (《企業會計準則第32號－中期財務報告》) 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 2025. The interim financial statements shall be read together with the financial statements for the year ended 2025 of the Group.

The financial statements are prepared on a going concern basis.

The Companies Ordinance has commenced operation in 2016. Some notes in the financial statements have been reflected the new requirements of the Companies Ordinance.

11.2 Interim Financial Statement

The Interim Financial Statement of the Group prepared in accordance with the China Accounting Standard for Business Enterprises is set out as follows:

11.2.1 Interim Consolidated Income Statement

(All amounts in RMB unless otherwise stated)

Items	For the six months ended June 30, **2026** *(Unaudited)*	2025 *(Unaudited)*
I. Total revenue	**829,481,414**	738,561,625
Including: Revenue	**829,481,414**	738,561,625
Interest income	**–**	–
Premium income	**–**	–
Fees and commissions income	**–**	–

Items	For the six months ended June 30,	
	2026	2025
	(Unaudited)	*(Unaudited)*
II. Total cost of sales	**786,080,383**	717,628,929
Including: Cost of sales	**625,074,377**	549,334,194
Interest expenses	–	–
Fees and commissions expenses	–	–
Surrenders	–	–
Net claims expenses	–	–
Net provisions for insurance contracts reserve	–	–
Insurance policy dividend paid	–	–
Reinsurance costs	–	–
Taxes and surcharges	**6,152,190**	5,117,058
Selling and distribution expenses	**3,704,123**	3,688,280
General and administrative expenses	**117,409,140**	121,819,658
Research and development expenses	**15,610,779**	15,662,923
Financial expenses	**18,129,775**	22,006,815
Including: Interest expenses	**17,357,886**	18,377,254
Interest income	**1,876,836**	587,377
Add: Other income	**6,929,634**	11,601,815
Investment income (losses represented with "-" signs)	**7,047,096**	3,823,269
Including: Investment income from associates and joint ventures	**3,177,287**	-1,206,158
Derecognition income of financial assets measured at the amortized cost	–	–
Foreign exchange gains (losses represented with "-" signs)	–	–
Gains from net exposure hedges (losses represented with "-" signs)	**–**	–
Gains from changes in fair value (losses represented with "-" signs)	**382,569**	477,844
Credit impairment losses (losses represented with "-" signs)	**-17,908,324**	7,616,882
Asset impairment losses (losses represented with "-" signs)	**–**	–
Gains from disposal of assets (losses represented with "-" signs)	**46,658**	1,250,151

Items	For the six months ended June 30, 2026 (Unaudited)	2025 (Unaudited)
III. Operating profit (losses represented with "–" signs)	**39,898,663**	45,711,657
Add: Non-operating income	**1,790,407**	66,457
Less: Non-operating expenses	**17,974,248**	3,798,544
IV. Total profit (losses represented with "–" signs)	**23,714,822**	41,979,570
Less: Income tax expenses	**1,527,632**	15,210,452
V. Net profit (net losses represented with "-" signs)	**22,187,191**	26,769,118
(I) Classified by continuity of operations		
1. Net profit from continuing operation (net losses represented with "-" signs)	**22,187,191**	26,769,118
2. Net profit from discontinued operations (net losses represented with "-" signs)	**–**	–
(II) Classified by ownership of the equity		
1. Net profit attributable to shareholders of the parent company (net losses represented with "-" signs)	**33,773,136**	36,530,360
2. Non-controlling interests (net losses represented with "-" signs)	**-11,585,945**	-9,761,241
VI. Other comprehensive income, net of tax		
Other comprehensive income attributable to shareholders of the parent company, net of tax	**–**	–
(I) Other comprehensive income that cannot be reclassified to profit and loss		
1. Changes arising from remeasurement of defined benefit plan	**–**	–
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method	**–**	–
3. Changes in fair value of other equity instrument investments	**–**	–
4. Changes in fair value due to the enterprise's own credit risk	**–**	–

Items	For the six months ended June 30, **2026** *(Unaudited)*	2025 *(Unaudited)*
(II) Other comprehensive income that can be reclassified to profit and loss		
1. Other comprehensive income that can be reclassified to profit or loss under the equity method	**–**	–
2. Changes in fair value of other debt investments	**–**	–
3. Amount of financial assets reclassified into other comprehensive income	**–**	–
4. Credit impairment provisions for other debt investments	**–**	–
5. Reserves for cash flow hedges	**–**	–
6. Exchange difference on translation of financial statements in foreign currencies	**–**	–
7. Others	**–**	–
Other comprehensive income attributable to non-controlling interests, net of tax	**–**	–
VII. Total comprehensive income	**22,187,191**	26,769,118
Attributable to shareholders of the parent company	**33,773,136**	36,530,360
Attributable to non-controlling interests	**-11,585,945**	-9,761,241
VIII. Earnings per share:		
(I) Basic (RMB per share)	**0.48**	0.50
(II) Diluted (RMB per share)	**0.48**	0.50

11.2.2 *Interim Consolidated Balance Sheets*

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	**June 30, 2026 *(Unaudited)***	December 31, 2025 *(Audited)*
Current assets:		
Cash at bank and on hand	**312,288,963**	294,039,861
Settlement deposits	**–**	–
Placements with banks and other financial institutions	**–**	–
Financial assets held for trading	**8,916,324**	8,573,388
Derivative financial assets	**–**	–
Notes receivable	**2,102,127**	1,486,565
Accounts receivable	**400,880,379**	462,939,570
Receivables financing	**–**	–
Advances to suppliers	**15,647,162**	15,792,569
Premium receivable	**–**	–
Reinsurance accounts receivable	–	–
Provision for reinsurance contract receivable	–	–
Other receivables	**75,077,169**	77,790,656
Financial assets purchased for resale	–	–
Inventories	**43,763,736**	46,032,543
Contract assets	–	–
Assets held for sale	–	–
Non-current assets due within one year	–	–
Other current assets	**22,455,982**	25,380,696
Total current assets	**881,131,842**	932,035,847

ASSETS	**June 30, 2026** ***(Unaudited)***	December 31, 2025 *(Audited)*
Non-current assets:		
Granted loans and advances	–	–
Debt investments	–	–
Other debt investments	–	–
Long-term accounts receivable	–	–
Long-term equity investments	**95,901,984**	95,912,392
Investment in other equity instruments	–	–
Other non-current financial assets	**23,922,658**	28,123,066
Investment properties	–	–
Fixed assets	**1,175,045,360**	1,159,366,940
Construction in progress	**18,010,945**	13,091,855
Productive biological assets	–	–
Oil and gas assets	–	–
Right-of-use assets	**176,805,730**	192,354,108
Intangible assets	**256,765,011**	285,757,258
Development expenditure	–	–
Goodwill	**126,454,938**	126,454,938
Long-term prepaid expenses	**99,540,820**	121,609,291
Deferred tax assets	**52,597,921**	55,346,816
Other non-current assets	**18,750,166**	15,514,861
Total non-current assets	**2,043,795,532**	2,093,531,524
TOTAL ASSETS	**2,924,927,374**	3,025,567,371

LIABILITIES AND SHAREHOLDERS' EQUITY	**June 30, 2026** ***(Unaudited)***	December 31, 2025 *(Audited)*
Current liabilities:		
Short-term borrowings	**144,675,387**	109,243,677
Borrowings from central bank	**–**	–
Placements from banks and other financial institutions	**–**	–
Financial liabilities held for trading	**–**	1,805,503
Derivative financial liabilities	**–**	–
Notes payable	**26,025,757**	–
Accounts payable	**123,971,727**	160,803,092
Receipts in advance	**38,250,230**	23,327,087
Contract liabilities	**268,868**	161,105
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	**68,352,160**	84,431,493
Taxes payable	**24,086,675**	35,809,004
Other payables	**83,635,596**	91,859,119
Fees and commissions payable	**–**	–
Reinsurance accounts payable	**–**	–
Liabilities held for sale	**–**	–
Non-current liabilities due within one year	**254,876,060**	201,407,510
Other current liabilities	**1,818,259**	3,214,867
Total current liabilities	**765,960,718**	712,062,458

LIABILITIES AND SHAREHOLDERS' EQUITY	**June 30, 2026** *(Unaudited)*	December 31, 2025 *(Audited)*
Non-current liabilities:		
Provision for insurance contracts	–	–
Long-term borrowings	**592,791,355**	746,952,957
Bonds payable	–	–
Including: Preferred shares	–	–
Perpetual bonds	–	–
Lease liabilities	**134,586,128**	148,475,651
Long-term payables	**62,658,100**	47,419,833
Long-term employee benefits payables	–	–
Estimated liabilities	–	–
Deferred income	**18,054,619**	18,206,515
Deferred tax liabilities	**30,175,216**	40,820,058
Other non-current liabilities	–	–
Total non-current liabilities	**838,265,419**	1,001,875,015
Total liabilities	**1,604,226,137**	1,713,937,473
Shareholders' equity:		
Share capital	**72,358,900**	72,358,900
Other equity instruments	–	–
Including: Preferred shares	–	–
Perpetual bonds	–	–
Capital surplus	**762,132,927**	760,645,327
Less: Treasury stock	**47,815,625**	47,815,625
Other comprehensive income	–	–
Special reserves	–	–
Surplus reserve	**38,399,577**	38,399,577
Provision for general risks	–	–
Retained earnings	**381,120,236**	364,230,300
Total equity attributable to shareholders of the parent company	**1,206,196,015**	1,187,818,478
Non-controlling interests	**114,505,222**	123,811,420
Total shareholders' equity	**1,320,701,237**	1,311,629,898
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,924,927,374**	3,025,567,371

11.2.3 Interim Consolidated Statements of Cash Flow

(All amounts in RMB Yuan unless otherwise stated)

Items		For the six months ended June 30, 2026 (Unaudited)	2025 (Unaudited)
I.	**Cash flows from operating activities**		
	Cash received from sales of goods or rendering of services	**894,519,648**	906,586,410
	Net increase in customer deposits and interbank deposits	**–**	–
	Net increase in borrowings from central bank	**–**	–
	Net increase in placements from other financial institutions	**–**	–
	Cash received from original insurance contract premium	**–**	–
	Net cash received from reinsurance business	**–**	–
	Net increase in deposits and investments from policyholders	**–**	–
	Cash received from interests, fees and commissions	**–**	–
	Net increase in placements from banks and other financial institutions	**–**	–
	Net increase in cash from repurchase business	**–**	–
	Net cash received from securities brokerage services	**–**	–
	Refund of taxes and levies	**–**	–
	Cash received relating to other operating activities	**18,494,934**	53,351,835
	Sub-total of cash inflows of operating activities	**913,014,582**	959,938,245
	Cash paid for goods and services	**332,050,553**	278,457,055
	Net increase in customer loans and advances	**–**	–
	Net increase in deposits with central bank and other banks	**–**	–
	Cash paid for compensation under original insurance contract	**–**	–
	Net increase in placements with banks and other financial institutions	**–**	–
	Cash paid for interests, fees and commissions	**–**	–
	Cash paid for policyholders' dividends	**–**	–
	Cash paid to and on behalf of employees	**360,142,763**	342,221,800
	Payments of taxes and surcharges	**35,917,677**	44,199,368
	Cash paid relating to other operating activities	**73,354,879**	96,538,404
	Sub-total of cash outflows of operating activities	**801,465,872**	761,416,627
Net cash flows from operating activities		**111,548,710**	198,521,618

Items		For the six months ended June 30,	
		2026	2025
		(Unaudited)	*(Unaudited)*
II.	**Cash flows from investing activities**		
	Cash received from disposal of investments	**14,092,042**	7,870,000
	Cash received from returns on investments	–	5,699
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**278,836**	263,925
	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	**14,370,878**	8,139,624
	Cash paid to acquire fixed assets, intangible assets and other long-term assets	**62,286,218**	97,487,136
	Cash paid to acquire investments	**4,600,000**	7,199,999
	Net increase in pledged loans	**–**	–
	Net cash paid to acquire subsidiaries and other business units	**–**	17,316,274
	Cash paid relating to other investing activities	**–**	13,098,603
	Sub-total of cash outflows of investing activities	**66,886,218**	135,102,012
	Net cash flows from investing activities	**-52,515,340**	-126,962,388
III.	**Cash flows from financing activities**		
	Cash received from capital contributions	**4,000,000**	6,000,000
	Including: Cash received from capital contributions by non-controlling shareholders of subsidiaries	**4,000,000**	6,000,000
	Cash received from borrowings	**257,010,505**	238,829,339
	Cash received relating to other financing activities	**86,318,120**	19,541,873
	Sub-total of cash inflows of financing activities	**347,328,625**	264,371,212
	Cash repayments of borrowings	**267,956,998**	179,128,599
	Cash payments for distribution of dividends, profit or interest expenses	**31,577,941**	17,913,126
	Including: Cash payments for distribution of dividends and profit by subsidiaries to non-controlling shareholders	**850,000**	1,114,000
	Cash paid relating to other financing activities	**83,513,880**	61,012,339
	Sub-total of cash outflows of financing activities	**383,048,819**	258,054,064
	Net cash flows from financing activities	**-35,720,194**	6,317,148

Items	For the six months ended June 30, 2026 (Unaudited)	2025 (Unaudited)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	**-73,293**	-2,487
V. Net increase in cash and cash equivalents	**23,239,883**	77,873,892
Add: Cash and cash equivalents at the beginning of the period	**287,672,626**	255,232,744
VI. Cash and cash equivalents at the end of the period	**310,912,508**	333,106,636

11.2.4 Consolidated Statement of Changes in Shareholders' Equity

(All amounts in RMB Yuan unless otherwise stated)

Items	Amount for the current period													
	Equity attributable to owners of the parent company													
		Other equity instruments												
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Subtotal	Non-controlling interests	Total owners' equity
I. Balance as at the end of the previous year	72,358,900				760,645,327	47,815,625			38,399,577		364,230,300	1,187,818,479	123,811,420	1,311,629,898
Plus: Changes in accounting policies												-		-
Correction of accounting errors in prior periods												-		-
Business combinations under common control												-		-
Others													-	
II. Balance as at the beginning of the current year	72,358,900	-	-	-	760,645,327	47,815,625	-	-	38,399,577	-	364,230,300	1,187,818,479	123,811,420	1,311,629,898
III. Increases/decreases in the current period ("–" for decreases)					1,487,600						16,889,936	18,377,537	-9,306,198	9,071,339
(I) Total comprehensive income											33,773,136	33,773,136	-11,585,945	22,187,191
(II) Owner contribution and capital decrease		–	–	–	1,487,600	–	–	–	–	–	–	1,487,600	1,913,494	3,401,095
1. Common stock contributed by owners					-							-	1,913,494	1,913,494
2. Capital invested by holders of other equity instruments												–		–
3. Amounts of share-based payments recognized in owners' equity					1,487,600							1,487,600		1,487,600
4. Others														

Items	Share capital	Other equity instruments: Preferred shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Subtotal	Non-controlling interests	Total owners' equity
	Amount for the current period													
	Equity attributable to owners of the parent company													
(III) Distribution of profits	-	-	-	-	-	-	-	-	-	-	-16,883,200	-16,883,200	366,253	-16,516,947
1. Withdrawal of surplus reserves												-		-
2. Withdrawal of provision for general risk												-		-
3. Profit distributed to owners (or shareholders)											-16,883,200	-16,883,200	366,253	-16,516,947
4. Others												-		-
(IV) Internal carry-forward of owners' equity												-		
1. Conversion of capital reserves into paid-in capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Conversion of surplus reserves into paid-in capital (or share capital)												-		
3. Surplus reserves offsetting losses												-		
4. Carry-forward of changes in the defined benefit plan for retained earnings												-		
5. Carry-forward of other comprehensive income for retained earnings												-		
6. Others												-		
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Withdrawal for the period												-		
2. Usage for the period												-		
(VI) Others														
IV. Balance as at the end of the period	72,358,900				762,132,927	47,815,625	-	-	38,399,577	-	381,120,236	1,206,196,015	114,505,222	1,320,701,237

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

Items	Share capital	Other equity instruments: Preferred shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: Treasury stock	Other Comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Retained Earnings	Subtotal	Non-controlling interests	Total owners' equity
	Amount for the previous period													
	Equity attributable to owners of the parent company													
1. Withdrawal of surplus reserves												–		–
2. Withdrawal of provision for general risk												–		–
3. Profit distributed to owners (or shareholders)											-21,801,000	-21,801,000		-21,801,000
4. Others												–		–
(IV) Internal carry-forward of owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Conversion of capital reserves into paid-in capital (or share capital)												–		–
2. Conversion of surplus reserves into paid-in capital (or share capital)												–		–
3. Surplus reserves offsetting losses												–		–
4. Carry-forward of changes in the defined benefit plan for retained earnings												–		–
5. Carry-forward of other comprehensive income for retained earnings												–		–
6. Others												–		–
(V) Special reserves	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Withdrawal for the period												–		
2. Usage for the period												–		–
(VI) Others														
IV. Balance as at the end of the period	72,358,900				789,916,782	22,366,849	–	–	38,399,577	–	359,015,188	1,237,323,598	122,953,611	1,360,277,209

11.3 Notes to the Consolidated Interim Financial Information prepared in accordance with the China Accounting Standard for Business Enterprises

(All amounts in RMB Yuan unless otherwise stated)

11.3.1 Accounts receivable

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

	June 30, 2026 *(Unaudited)*	December 31, 2025 *(Audited)*
Within 1 year	**401,958,285**	461,352,555
1-2 years	**26,119,529**	25,588,614
2-3 years	**10,656,740**	8,844,668
Over 3 years	**7,248,552**	7,368,906
Subtotal	**445,983,106**	503,154,743
Less: Provision for bad debts	**45,102,727**	40,215,173
Total	**400,880,379**	462,939,570

Accounts receivable shown by classification of bad debt provisions

	June 30, 2026 (Unaudited)				
	Balance of carrying amount		**Provision for bad debts**		
	Amount	**Proportion (%)**	**Amount**	**Percent of provision (%)**	**Book value**
Accounts receivable with provision for bad debts on the individual basis	**25,662,714**	**5.8**	**19,530,307**	**76.1**	**6,132,407**
Including:					
Amount due from patients	**25,662,714**	**5.8**	**19,530,307**	**76.1**	**6,132,407**
Accounts receivable with provision for bad debts on the grouping basis	**420,320,392**	**94.2**	**25,572,420**	**6.1**	**394,747,972**
Including: Overdue days grouping	**420,320,392**	**94.2**	**25,572,420**	**6.1**	**394,747,972**
Total	**445,983,106**	**100.0**	**45,102,727**	**10.1**	**400,880,379**

	December 31, 2025 (Audited)				
	Balance of carrying amount		Provision for bad debts		
	Amount	Proportion (%)	Amount	Percent of provision (%)	Book value
Accounts receivable with provision for bad debts on the individual basis	15,171,844	3.0	15,171,844	100.0	0.0
Including:					
Amount due from patients	15,171,844	3.0	15,171,844	100.0	0.0
Accounts receivable with provision for bad debts on the grouping basis	487,982,899	97.0	25,043,329	5.1	462,939,570
Including:					
Overdue days grouping	487,982,899	97.0	25,043,329	5.1	462,939,570
Total	503,154,743	100.0	40,215,173	8.0	462,939,570

11.3.2 Accounts payable

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

	June 30, 2026 ***(Unaudited)***	December 31, 2025 *(Audited)*
Within one year	**117,073,812**	156,277,715
One to two years	**6,061,477**	2,848,067
Two years to three years	**269,267**	1,229,010
Above three years	**567,171**	448,301
Total	**123,971,727**	160,803,092

11.3.3 *Revenue and cost of sales*

Analysis of revenue and cost of sales

	For the six months ended June 30,			
	2026		2025	
	(Unaudited)		*(Unaudited)*	
	Revenue	**Cost**	Revenue	Cost
Main businesses	**709,707,141**	**532,214,182**	690,902,820	523,893,300
Other businesses	**119,774,273**	**92,860,195**	47,658,805	25,440,894
Total	**829,481,414**	**625,074,377**	738,561,625	549,334,194

Breakdown of revenue:

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	*(Unaudited)*
Revenue from main businesses	**709,707,141**	690,902,820
Including: Pharmaceutical sales	**147,596,247**	157,326,592
Treatments and general healthcare services	**562,110,894**	533,576,228
Revenue from other businesses	**119,774,273**	47,658,805
Including: Wholesale and retail revenue of pharmaceutical and equipment	**72,542,655**	28,287,518
Management service	**–**	1,485,149
Rental income	**364,085**	906,059
Others	**46,867,533**	16,980,080
Total	**829,481,414**	738,561,625

11.3.4 *Credit impairment losses*

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	*(Unaudited)*
Losses on bad debts of accounts receivable	**18,546,742**	161,795
Losses on bad debts of other receivables	**-638,418**	-7,778,677
Total	**17,908,324**	-7,616,882

11.3.5 Earning per Share

Basic earning per Share

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	*(Unaudited)*
Consolidated net profit attributable to the ordinary Shareholders of the parent company	**33,773,136**	36,530,360
Weighted average number of outstanding ordinary Shares of the Company	**70,399,100**	72,618,150
Basic earning per Share	**0.48**	0.50
Including: Basic earning per Share from continuing operations	**0.48**	0.50
Basic earning per Share from discontinued operations	**–**	–

Diluted earning per Share

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

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	*(Unaudited)*
Consolidated net profit attributable to the ordinary Shareholders of the parent company (diluted)	**33,773,136**	36,530,360
Weighted average number of outstanding ordinary Shares of the Company (diluted)	**70,399,100**	72,618,150
Diluted earning per Share	**0.48**	0.50
Including: Diluted earning per Share from continuing operations	**0.48**	0.50
Diluted earning per Share from discontinued operations	**–**	–

11.3.6 Income tax expenses

Table of income tax expenses

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	*(Unaudited)*
Current income tax expenses	**9,423,579**	13,016,683
Deferred income tax expenses	**-7,895,947**	2,193,769
Total	**1,527,632**	15,210,452

Reconciliation between total profit and income tax expenses

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	*(Unaudited)*
Total profit	**23,714,822**	41,979,570
Income tax expenses calculated at the statutory tax rates	**3,557,223**	10,444,307
Impact of different tax rates applicable to subsidiaries	**-445,128**	-43,611
Adjustment to impact of income tax of past periods	**-1,924,407**	355,100
Impact of non-taxable income	**-143,622**	–
Impact of non-deductible costs, expenses and losses	**2,589,318**	729,658
Impact of deductible losses of the deferred income tax assets unrecognized in the previous period	**-6,974,166**	-7,934,940
Impact of deductible temporary differences or deductible losses for which deferred income tax assets are not recognized in the current period	**8,722,546**	13,628,752
Additional deduction of research and development expenses	**-2,439,915**	-2,338,334
Impact of business combination involving enterprise not under common control	**-1,414,217**	136,618
Others	**–**	232,902
Income tax expenses	**1,527,632**	15,210,452

11.3.7 Dividend

On August 10, 2026, the Board proposed to distribute a cash dividend of RMB1.8 per 10 shares (inclusive of tax) to all Shareholders of the Company based on the total share capital before the record date determined by the implementation of the interim profit distribution plan for the six months ended June 30, 2026. As of the date of this announcement, the total share capital of the Company is 70,399,100 shares, based on which the total proposed cash dividend to be distributed is temporarily calculated as RMB12,671,838 (inclusive of tax).

On March 23, 2026, the Board proposed to distribute a final dividend of RMB3.2 (inclusive of tax) for every 10 shares for the year 2025 to all Shareholders of the Company, based on the total share capital of 72,358,900 shares before the record date determined by the implementation of the 2025 final profit distribution plan, after deducting 1,959,800 H Shares repurchased by the Company but not yet cancelled, with a total final dividend of RMB22,527,712 (inclusive of tax). The proposed dividend was approved at the 2025 Annual General Meeting of the Company held on June 30, 2026.

On August 12, 2025, the Board proposed to distribute an interim dividend of RMB1.8 (inclusive of tax) for every 10 shares to all Shareholders of the Company for the six months ended June 30, 2025, based on the total share capital of 72,358,900 shares before the record date determined by the implementation of the 2025 interim profit distribution plan, with a total interim dividend of RMB13,024,602 (inclusive of tax). The proposed dividend was approved at the 2025 First Extraordinary General Meeting of the Company held on October 15, 2025.

12 RESIGNATION OF JOINT COMPANY SECRETARY, CHANGE OF AUTHORIZED REPRESENTATIVE AND PROCESS AGENT

The Board announces that Mr. WONG Wai Chiu ("**Mr. WONG**") has tendered his resignation as the joint company secretary of the Company (the "**Joint Company Secretary**"), an authorized representative of the Company (the "**Authorized Representative**") under Rule 3.05 of the Hong Kong Listing Rules and the process agent for the acceptance of service of process and notices on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Process Agent**") with effect from August 10, 2026.

Mr. WONG confirmed that he has no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the Stock Exchange and the shareholders of the Company.

The Board further announces that, following the resignation of Mr. WONG, Mr. WANG Jian will remain as the sole company secretary of the Company and will be appointed as an Authorized Representative and Mr. CHENG Ching Kit will be appointed as the Process Agent, all with effect from August 10, 2026.

The Board would like to take this opportunity to express its gratitude to Mr. WONG for his valuable contribution to the Company during his tenure of service.

13 DEFINITIONS

"Audit Committee"	the audit committee of the Board
"Beijing Yining Hospital"	Beijing Yining Hospital Co., Ltd. (北京怡寧醫院有限公司), a company established in the PRC with limited liability on August 17, 2015, one of the Company's indirect non-wholly owned subsidiaries
"Board"	the board of directors of the Company
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules
"Company" or "Wenzhou Kangning Hospital"	Wenzhou Kangning Hospital Co., Ltd., a joint stock limited liability company established under the laws of the PRC, the H Shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 2120)
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange

"Geriatric Hospital"	Wenzhou Yining Geriatric Hospital Co., Ltd. (溫州怡寧老年醫院有限公司), a company established in the PRC with limited liability on November 2, 2015, one of the wholly owned subsidiaries indirectly held by the Company, whose principal business is to provide medical services for the geriatric, including geriatric psychiatric and psychological treatment
"Group" or "we" or "our"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign invested ordinary Share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of The Stock Exchange of Hong Kong Limited
"HKD"	the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time
"Huainan Kangning Hospital"	Huainan Kangning Hospital Co., Ltd. (淮南康寧醫院有限公司), a company established in the PRC with limited liability on September 22, 2017, one of the Company's indirect non-wholly owned subsidiaries
"Jinyun Shuning Hospital"	Jinyun Shuning Hospital Co., Ltd. (縉雲舒寧醫院有限公司), a company established in the PRC with limited liability on February 15, 2019, one of the Company's non-wholly owned subsidiaries
"Longquan Kangning Hospital"	Longquan Kangning Hospital Co., Ltd. (龍泉康寧醫院有限公司), a company established in the PRC with limited liability on February 6, 2023, one of the Company's indirect wholly owned subsidiaries
"Lucheng Yining Hospital"	Wenzhou Lucheng Yining Hospital Co., Ltd. (溫州鹿城怡寧醫院有限公司), a company established in the PRC with limited liability on April 2, 2020, one of the Company's direct non-wholly owned subsidiaries
"Luqiao Cining Hospital"	Taizhou Luqiao Cining Hospital Co., Ltd. (台州市路橋慈寧醫院有限公司, previously known as Taizhou Luqiao Yining Hospital Co., Ltd.(台州市路橋怡寧醫院有限公司)), a company established in the PRC with limited liability on December 12, 2016, one of the Company's indirect non-wholly owned subsidiaries

"Pingyang Changgeng Yining Hospital"	Pingyang Changgeng Yining Hospital Co., Ltd. (平陽長庚怡寧醫院有限公司), a company established in the PRC with limited liability on January 14, 2021, one of the Company's wholly owned subsidiaries
"PRC" or "China"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Proposed Interim Dividend"	the proposed interim dividend distribution plan of RMB1.8 (tax-inclusive) per 10 Shares for the six months ended June 30, 2026 subject to the approval by the Shareholders at the extraordinary general meeting as described under the section headed "INTERIM DIVIDEND" of this announcement
"Quzhou Yining Hospital"	Quzhou Yining Hospital Co., Ltd. (衢州怡寧醫院有限公司), a company established in the PRC with limited liability on November 20, 2015, one of the Company's indirect non-wholly owned subsidiaries
"Reporting Period"	the six months ended June 30, 2026
"RMB"	the lawful currency of the PRC
"Share(s)"	Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including the Domestic Share(s) and the H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"treasury shares"	has the meaning ascribed thereto in the Hong Kong Listing Rules
"Wenling Nanfang Hospital"	Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd. (溫嶺南方精神疾病專科醫院有限公司), a company established in the PRC with limited liability on June 20, 2018, one of the Company's indirect non-wholly owned subsidiaries
"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
"Yueqing Kangning Hospital"	Yueqing Kangning Hospital Co., Ltd., a company established in the PRC with limited liability on September 3, 2013, one of the Company's wholly owned subsidiaries
"%"	percentage ratio

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

Zhejiang, the PRC
August 10, 2026

As of the date of this announcement, the Company's executive Directors are Mr. GUAN Weili, Ms. WANG Lianyue and Mr. WANG Jian; the non-executive Directors are Mr. QIN Hao and Mr. LI Changhao; and the independent non-executive Directors are Ms. ZHONG Wentang, Ms. JIN Ling and Mr. SZETO Wing Fu.