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廣東康華醫療集團股份有限公司

**GUANGDONG KANGHUA HEALTHCARE GROUP CO., LTD.\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 3689)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**FINANCIAL HIGHLIGHTS**

- Revenue for the Reporting Period decreased by 1.5% to RMB2,024.2 million (2024: RMB2,055.7 million).
- Profit for the Reporting Period increased by 802.4% to RMB94.5 million (2024: RMB10.5 million).
- Profit for the Reporting Period attributable to owners of the Company increased by 549.4% to RMB99.6 million (2024: RMB15.3 million).
- Earnings per share amounted to RMB29.8 cents (2024: RMB4.6 cents).
- Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation<sup>#</sup> (“**Adjusted EBITDA**”) for the Reporting Period increased by 24.9% to RMB286.8 million (2024: RMB229.6 million).

**FINAL DIVIDEND**

- The Board recommended the distribution of a final dividend of RMB16 cents per share (2024: RMB15 cents per share) (inclusive of applicable tax) for the Reporting Period.

<sup>#</sup> *Adjusted EBITDA is earnings before accounting for bank and other interest income, interest expenses, taxes, depreciation and amortisation, fair value gain/(loss) and investment income from financial assets at fair value through profit or loss (“FVTPL”), fair value gain/(loss) on investment property and net exchange gain/(loss).*

## FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Guangdong Kanghua Healthcare Group Co., Ltd.\* (廣東康華醫療集團股份有限公司) (the “**Company**” or “**our Company**”, “**we**” or “**us**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**” or “**our Group**”) for the financial year ended 31 December 2025 (the “**Reporting Period**”) together with the comparative audited figures for the preceding financial year ended 31 December 2024.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

		2025	2024
	NOTES	RMB'000	RMB'000
Revenue	3	2,024,200	2,055,670
Cost of revenue		(1,655,277)	(1,733,797)
Gross profit		368,923	321,873
Other income	4	47,072	53,489
Other expenses, gains and losses, net	5	2,953	(7,301)
Net provision for impairment losses under the expected credit loss model	6	(44,536)	(4,277)
Net gain on disposal of subsidiaries	15	18,940	–
Loss on change in fair value of investment property	10	(4,500)	–
Share of results of an associate		(23,158)	–
Administrative expenses		(207,430)	(277,102)
Finance costs		(15,964)	(23,627)
Profit before taxation	6	142,300	63,055
Income tax expense	7	(47,787)	(52,582)
Profit for the year		94,513	10,473
Profit/(loss) for the year attributable to:			
– Owners of the Company		99,591	15,337
– Non-controlling interests		(5,078)	(4,864)
		94,513	10,473
		<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share			
Basic	9	29.8	4.6
Diluted	9	29.8	4.6

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Profit for the year	<b>94,513</b>	10,473
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss</i>		
– Gain on revaluation of a property, net of tax	<u><b>20,098</b></u>	–
Other comprehensive income for the year	<u><b>20,098</b></u>	–
Total comprehensive income for the year	<u><b>114,611</b></u>	<u>10,473</u>
Total comprehensive income/(loss) for the year attributable to:		
– Owners of the Company	<b>119,689</b>	15,337
– Non-controlling interests	<u><b>(5,078)</b></u>	<u>(4,864)</u>
	<u><b>114,611</b></u>	<u>10,473</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>NOTES</i>	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>954,630</b>	1,143,686
Right-of-use assets		<b>218,252</b>	280,147
Investment property	10	<b>217,500</b>	–
Goodwill		<b>143,325</b>	143,325
Deposits paid for acquisition of property, plant and equipment		<b>6,704</b>	29,506
Financial assets at fair value through profit or loss		<b>32,600</b>	24,000
Deferred tax assets		<b>9,515</b>	10,390
<b>Total non-current assets</b>		<b>1,582,526</b>	1,631,054
<b>CURRENT ASSETS</b>			
Inventories		<b>70,077</b>	66,441
Accounts and other receivables	11	<b>283,282</b>	312,537
Financial assets at fair value through profit or loss		<b>450,000</b>	370,000
Restricted bank balances		<b>838</b>	3,088
Fixed bank deposits		<b>59,416</b>	65,800
Bank balances and cash		<b>232,760</b>	242,604
		<b>1,096,373</b>	1,060,470
Assets classified as held for sale		–	50,011
<b>Total current assets</b>		<b>1,096,373</b>	1,110,481
<b>CURRENT LIABILITIES</b>			
Accounts and other payables and provision	12	<b>777,335</b>	758,754
Bank loans – due within one year	13	<b>4,000</b>	4,000
Lease liabilities		<b>7,199</b>	61,257
Tax payables		<b>24,536</b>	26,386
		<b>813,070</b>	850,397
Liabilities associated with assets classified as held for sale		–	23,181
<b>Total current liabilities</b>		<b>813,070</b>	873,578
<b>NET CURRENT ASSETS</b>		<b>283,303</b>	236,903
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,865,829</b>	1,867,957

		<b>2025</b>	2024
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Amount due to non-controlling shareholder of a subsidiary		–	134,248
Bank loans – due after one year	13	<b>286,411</b>	225,067
Lease liabilities		<b>28,459</b>	30,332
Deferred tax liabilities		<b>24,641</b>	15,963
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>339,511</b>	405,610
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>1,526,318</b>	1,462,347
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Share capital	14	<b>334,394</b>	334,394
Reserves		<b>1,174,839</b>	1,105,128
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>1,509,233</b>	1,439,522
Non-controlling interests		<b>17,085</b>	22,825
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>1,526,318</b>	1,462,347
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## NOTES:

### 1. CORPORATE AND GROUP INFORMATION

The Company was established as a limited liability company in the People's Republic of China (the "PRC") and its overseas listed ordinary shares (the "H Shares") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). In the opinion of the directors of the Company, the Company's immediate and ultimate holding company is 東莞市康華投資集團有限公司 (Dongguan Kanghua Investment Group Co., Ltd.) ("Kanghua Group"), a limited liability company established in the PRC. The addresses of the registered office and the principal place of business in Hong Kong of the Company are 3/F, Outpatient Zone One, Dongguan Kanghua Hospital, Nancheng Street Road, Dongguan, Guangdong Province, PRC and Unit 3207, Metroplaza Tower 2, 223 Hing Fong Road, Kwai Fong, New Territories, Hong Kong, respectively.

The Group is principally engaged in the provision of hospital services, provision of rehabilitation and other healthcare services, provision of haemodialysis service and provision of elderly healthcare services in the PRC.

#### 1A. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE YEAR

On 9 January 2025, the Company entered into a sale and purchase agreement with an independent third-party, Beijing Pantheon Health Management Co., Ltd.\* (北京鉅頌健康管理有限公司) ("Pantheon Health"), a company established in the PRC and is under common control with Silver Mountain Capital Limited (銀山資本有限公司) ("Silver Mountain"), for the disposal of 55% equity interest in Chongqing Kanghua Zhonglian Cardiovascular Hospital Co., Ltd.\* (重慶康華眾聯心血管病醫院有限公司) ("Kangxin Hospital") at a consideration of RMB34,936,000. Details of the arrangements are set out in the Company's announcement dated 9 January 2025.

The disposal was completed on 8 February 2025. Kangxin Hospital has ceased to be a subsidiary of the Company and the financial results of Kangxin Hospital are no longer consolidated into those of the Company. The Company has accounted for its remaining 45% equity interest in Kangxin Hospital as interest in an associate under equity method. A subsidiary of the Group, namely Chongqing Kanghua Zhonglian Healthcare Management Co., Ltd.\* (重慶康華眾聯醫療管理有限公司) ("Chongqing Kanghua Property"), has retained the land and buildings underlying the operations of Kangxin Hospital and has leased the same to Kangxin Hospital for its operations.

At the date of disposal of Kangxin Hospital, the Group has recognised a gain on disposal of approximately RMB19,480,000 as disclosed in note 15.

#### 2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared on a historical cost convention, except for investment property and certain financial assets that are measured at fair value. The consolidated financial statements are presented in Renminbi (RMB) and all values are rounded to the nearest thousand (RMB'000), except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendments to an IFRS Accounting Standard for the first time for the current year's financial statements.

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments in the current year had no material impact on the consolidated financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amendments of IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amendments of IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards Volumes 11 <sup>2</sup>
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial instruments Disclosures – Gain or loss on derecognition. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

## 3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the provision of (i) hospital services; (ii) rehabilitation and other healthcare services; (iii) haemodialysis services; and (iv) elderly healthcare services.

## Revenue

An analysis of the Group's revenue for the year is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Recognised over time:</b>		
Hospital services:		
– Inpatient healthcare services	1,050,567	1,086,353
– Outpatient healthcare services	620,258	644,936
– Physical examination services	118,412	107,243
– Postpartum care service	10,368	–
	<u>1,799,605</u>	<u>1,838,532</u>
Rehabilitation and other healthcare services:		
– Rehabilitation hospital and other healthcare services	46,198	54,350
– Rehabilitation centre services and other services	74,704	74,099
	<u>120,902</u>	<u>128,449</u>
Haemodialysis services	88,892	75,770
Elderly healthcare services	14,801	12,919
<b>Total revenue from contract with customers</b>	<b><u>2,024,200</u></b>	<b><u>2,055,670</u></b>

## Segment information

Information reported to the executive directors of the Company, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on the types of services provided.

For management purposes, the Group is organised into business units based on their products and services and has four (2024: four) reportable operating segments as follows:

- |  |  |
|--|--|
| (i) Hospital services:                             | Provision of hospital services includes (i) inpatient healthcare services, which generally refer to the treatment of patients who are hospitalised overnight or for an indeterminate period of time; (ii) outpatient healthcare services, which generally refer to the treatment of patients who are hospitalised for less than 24 hours; (iii) physical examinations services, which generally refer to the clinical examination of individuals for signs of diseases and health advisory services; and (iv) postpartum care services, which generally refer to the provision of specialized care to new mothers and their newborns following childbirth. |
| (ii) Rehabilitation and other healthcare services: | Provision of rehabilitation services generally refers to the provision of special care services to patients with permanent or long-term physical or mental disabilities. Other healthcare services include elderly healthcare and training services for the disabled.  |
| (iii) Haemodialysis services:                      | Provision of haemodialysis services generally refers to treatments that replicate kidney's function to remove wastes in blood for patients with kidney conditions.   |
| (iv) Elderly healthcare services:                  | Provision of elderly healthcare services generally refers to assisted living, adult daycare, long-term care, residential care and hospice care to the aged patients.   |

These operating segments also represent the Group's reportable segments. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

### Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segments:

*For the year ended 31 December 2025*

	<b>Hospital services</b>	<b>Rehabilitation and other healthcare services</b>	<b>Haemodialysis services</b>	<b>Elderly healthcare services</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>SEGMENT REVENUE</b>					
<b>External sales</b>	<b>1,799,605</b>	<b>120,902</b>	<b>88,892</b>	<b>14,801</b>	<b>2,024,200</b>
<b>Segment profit</b>	<b>325,242</b>	<b>21,667</b>	<b>14,436</b>	<b>7,578</b>	<b>368,923</b>
Other income					47,072
Other expenses, gains and losses, net					2,953
Net provision for impairment losses under the expected credit loss model					(44,536)
Net gain on disposal of subsidiaries					18,940
Loss on change in fair value of investment property					(4,500)
Share of results of an associate					(23,158)
Administrative expenses					(207,430)
Finance costs					(15,964)
Profit before taxation					<b>142,300</b>

For the year ended 31 December 2024

	Hospital services <i>RMB'000</i>	Rehabilitation and other healthcare services <i>RMB'000</i>	Haemodialysis services <i>RMB'000</i>	Elderly healthcare services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>SEGMENT REVENUE</b>					
External sales	<u>1,838,532</u>	<u>128,449</u>	<u>75,770</u>	<u>12,919</u>	<u>2,055,670</u>
Segment profit	<u>288,747</u>	<u>26,672</u>	<u>1,442</u>	<u>5,012</u>	321,873
Other income					53,489
Other expenses, gains and losses, net					(7,301)
Net provision for impairment losses under the expected credit loss model					(4,277)
Administrative expenses					(277,102)
Finance costs					<u>(23,627)</u>
Profit before taxation					<u>63,055</u>

There were no inter-segment sales during both years.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other income, other expenses, gains and losses, net, loss on change in fair value of investment property, net gain on disposals of subsidiaries, net provision for impairment losses under the expected credit loss model, administrative expenses, share of results of an associate and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Except as disclosed above, no other amounts are regularly provided to the CODM of the Group and therefore, no further analysis is presented.

#### 4. OTHER INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Government subsidies	1,845	5,417
Investment income from financial assets at fair value through profit or loss ("FVTPL")	6,119	7,797
Clinical trial and related income	2,181	19,488
Fixed operating lease income	16,317	4,391
Bank and other interest income	4,173	6,000
Local health service income	7,652	2,696
Others	8,785	7,700
	<u>47,072</u>	<u>53,489</u>

## 5. OTHER EXPENSES, GAINS AND LOSSES, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Fair value gain/(loss) on financial assets at FVTPL	8,600	(9,400)
Net exchange (loss)/gain	(3,423)	2,504
Loss on disposal of property, plant and equipment	(396)	(350)
Gain on early termination of lease	361	32
Donations	(2,189)	(87)
	<u>2,953</u>	<u>(7,301)</u>

## 6. PROFIT BEFORE TAXATION

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before taxation is arrived at after charging:		
Depreciation of property, plant and equipment	97,459	106,683
Depreciation of right-of-use assets	42,000	43,172
Research and development expenditure	1,593	834
Short-term lease expenses	708	1,894
Variable lease rentals in respect of hospitals	16,627	14,823
Net provision for impairment losses recognised/(reversed) on:		
Account receivables	14,060	4,384
Other receivables	82	(107)
Amount due from an associate	30,394	–
	<u>44,536</u>	<u>4,277</u>
Cost of inventories recognised as expenses (representing pharmaceutical products and consumables and others used, included in cost of revenue)	<u>867,275</u>	<u>872,838</u>

## 7. INCOME TAX EXPENSE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PRC Enterprise Income Tax (“EIT”)		
Current tax	44,999	51,369
(Over)/under provision of EIT in prior years	(67)	8
	<u>44,932</u>	<u>51,377</u>
Hong Kong Profits Tax		
Under provision in prior years	<u>1</u>	<u>–</u>
Deferred tax charge	<u>2,854</u>	<u>1,205</u>
	<u>47,787</u>	<u>52,582</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and the Implementation Regulation of the EIT Law, a subsidiary which operates in Mainland China is subject to corporate income tax at a rate of 25% on the taxable income for both years. Certain subsidiaries of the Group in Mainland China are regarded as “small and micro enterprises” and, accordingly, were entitled to a preferential income tax rate of 5.0% (2024: 5.0%) for the year.

Hong Kong Profits Tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the year ended 31 December 2025 and 2024.

## 8. DIVIDENDS

During the current year, a final dividend of RMB15 cents (2024: Nil) per share in respect of the year ended 31 December 2024 (2024: the year ended 31 December 2023) was declared to owners of the Company. The aggregate amount of the final dividend declared amounted to RMB49,805,000 (2024: Nil) and was paid during the current year.

Subsequent to the end of the reporting period, a final dividend for the year ended 31 December 2025 of RMB16 cents per share amounting to approximately RMB53,503,000 in aggregate has been proposed by the directors of the Company which is subject to approval by the shareholders of the Company in the forthcoming annual general meeting of the Company.

## 9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Earnings:</b>		
Profit for the year attributable to owners of the Company for the purpose of calculating earnings per share	<u>99,591</u>	<u>15,337</u>
	2025	2024
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>334,394,000</u>	<u>334,394,000</u>

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024. The diluted earnings per share amount is the same as the basic earnings per share amount for the years ended 31 December 2025 and 2024.

## 10. INVESTMENT PROPERTY

	<i>RMB'000</i>
<b>Fair Value</b>	
At 1 January 2025	–
Transfer from property, plant and equipment	170,990
Transfer from right-of-use assets	24,213
Surplus on revaluation upon the transfer	26,797
Decrease in fair value recognised in profit or loss	<u>(4,500)</u>
At 31 December 2025	<u>217,500</u>

During the year ended 31 December 2025, upon disposal of Kangxin Hospital (note 15), the Group transferred certain land and building (the phase 1 medical facility underlying the operations of Kangxin Hospital located in Chongqing) previously classified as property, plant and equipment and right-of-use assets with carrying amounts of RMB170,990,000 and RMB24,213,000, respectively, to investment property due to the change in use from self-occupied to leasing for generating rental income. Upon transfer to investment property, the asset was revalued with a surplus on valuation, net of tax, of RMB20,098,000 credited to property revaluation reserve.

The Group's investment property held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model.

The Group leases out its medical facility located in Chongqing under operating leases with rentals payable monthly with lease term of 20 years. The lease contract does not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

The valuation was arrived at by using income approach taking into account the current rent receivable from existing tenancy agreements and the reversionary potential of property interests.

## 11. ACCOUNTS AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Accounts receivable	255,361	280,197
Less: Allowance for credit loss	<u>(21,729)</u>	<u>(14,598)</u>
Total accounts receivable	<u>233,632</u>	<u>265,599</u>
Prepayments to suppliers	9,075	11,255
Others	<u>42,664</u>	<u>37,872</u>
	51,739	49,127
Less: Allowance for credit loss	<u>(2,089)</u>	<u>(2,189)</u>
Total other receivables	<u>49,650</u>	<u>46,938</u>
Total accounts and other receivables	<u><b>283,282</b></u>	<u><b>312,537</b></u>

The individual patients of the Group usually settle payments by cash, credit cards and mobile payment or through the government social insurance schemes. For credit card and mobile payments, the banks and counterparties normally settle the amounts approximately 30 days (2024: 30 days) after the transaction date. Payments through the government social insurance schemes will normally be settled by the local social insurance bureau or similar government departments which are responsible for the reimbursement of medical expenses for patients who are covered by the government medical insurance scheme, which range from 30 to 180 days (2024: 30 to 180 days) from the transaction date. Corporate customers normally settle the amounts within 90 days (2024: 90 days) after the transaction date via bank transfers.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the revenue recognition date and net of allowance for credit loss, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	144,781	136,837
31 to 90 days	26,819	39,063
91 to 180 days	19,615	17,236
181 to 365 days	27,811	26,193
Over 365 days	<u>14,606</u>	<u>46,270</u>
	<u><b>233,632</b></u>	<u><b>265,599</b></u>

## 12. ACCOUNTS AND OTHER PAYABLES AND PROVISION

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Accounts payable	<u>386,971</u>	<u>357,884</u>
Accrued expenses	84,205	90,522
Receipts in advance ( <i>note</i> )	241,098	250,004
Payables for acquisition of property, plant and equipment	36,920	26,335
Other tax payables	3,786	4,227
Others	<u>19,277</u>	<u>26,897</u>
Other payables	<u>385,286</u>	<u>397,985</u>
Total accounts and other payables	<u>772,257</u>	<u>755,869</u>
Provision for medical dispute claims	<u>5,078</u>	<u>2,885</u>
Total accounts and other payables and provision	<u><u>777,335</u></u>	<u><u>758,754</u></u>

*Note:* Included in the balance are contract liabilities of RMB64,982,000 (2024: RMB68,641,000) and advances from the PRC social insurance bureau of RMB176,116,000 (2024: RMB181,363,000) for the daily hospital operations of the Group.

The credit period of accounts payable is from 30 to 90 days (2024: 30 to 90 days) from the invoice date.

The following is an aged analysis of accounts payables based on the date of receipt of goods at the end of the reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	84,213	86,467
31 to 90 days	115,516	118,661
91 to 180 days	95,502	77,329
181 to 365 days	59,361	36,522
Over 365 days	<u>32,379</u>	<u>38,905</u>
	<u><u>386,971</u></u>	<u><u>357,884</u></u>

### 13. BANK LOANS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Variable-rate secured bank loans ( <i>note (a)</i> )	77,390	74,369
Variable-rate unsecured bank loans ( <i>note (b)</i> )	<u>213,021</u>	<u>154,698</u>
	<u><b>290,411</b></u>	<u><b>229,067</b></u>
Analysed into:		
Bank loans repayable:		
Within one year or on demand	4,000	4,000
In the second year	160,698	4,000
In the third to fifth year, inclusive	94,323	182,699
Beyond five years	<u>31,390</u>	<u>38,368</u>
	<u><b>290,411</b></u>	<u><b>229,067</b></u>

#### Notes:

- (a) As at 31 December 2025 and 2024, the Group had a variable-rate secured bank loan with an interest rate based on the Loan Prime Rate (LPR) announced by the People's Bank of China, adjusted annually from the drawdown date. As at 31 December 2025, the loan carried an effective interest rate of 3.85% per annum (2024: 4.65%).

This bank loan primarily finances the construction, development, and fixed asset purchases for the Kanghua Qingxi Healthcare Complex – the Group's elderly medical and healthcare complex development in Qingxi Town, Dongguan City.

As at 31 December 2025 and 2024, this bank loan was secured by:

- (i) financial guarantees provided by the Company and Mr. Wang Junyang, the chairman of the Group; and
  - (ii) leasehold land held by a subsidiary of the Company, with a carrying amount of approximately RMB75,852,000 as at 31 December 2025 (2024: RMB77,553,000).
- (b) As at 31 December 2025, the balance comprises one variable-rate unsecured bank loan with an interest rate based on the LPR announced by the People's Bank of China, adjusted annually from the drawdown date. The loan carries an effective interest rate of 3.7% per annum (2024: 4.3%) and primarily serves to provide operating cash flow for Kanghua Hospital.

The loan is unsecured and financial guarantees have been provided by the Company and Mr. Wang Junyang, the chairman of the Group.

### 14. SHARE CAPITAL

	Number of domestic shares '000	Number of H shares '000	Share capital <i>RMB'000</i>
As at 1 January 2024, 31 December 2024 and 31 December 2025	<u>250,000</u>	<u>84,394</u>	<u>334,394</u>

## 15. DISPOSAL OF SUBSIDIARIES

### (a) Disposal of Kangxin Hospital

On 9 January 2025, the Company entered into a sale and purchase agreement with Pantheon Health for the disposal of 55% equity interest in Kangxin Hospital at a consideration of RMB34,936,000. Details of the contractual arrangements are set out in the Company's announcement dated 9 January 2025.

The disposal was completed on 8 February 2025, on which date the Group ceased to have control over Kangxin Hospital. Kangxin Hospital has ceased to be a subsidiary of the Company and the financial results of Kangxin Hospital are no longer consolidated into those of the Company. The Company has accounted for its remaining 45% equity interest in Kangxin Hospital as interest in an associate under equity method.

*RMB'000*

Analysis of assets and liabilities over which control was lost:

Property, plant and equipment	17,073
Other assets	17,417
Deferred tax assets	31
Inventories	4,094
Accounts and other receivables	7,876
Bank balances and cash	3,520
Accounts and other payables	(23,181)
	<hr/>
Net assets disposed of	26,830
	<hr/> <hr/>

Consideration received:

Cash received	34,936
Amount due to an associate ( <i>Note</i> )	(11,784)
	<hr/>
Total consideration received	23,152
	<hr/> <hr/>

Gain on disposal of a subsidiary:

Consideration received	23,152
Net assets disposed of	(26,830)
Investment in associate recognised	23,158
	<hr/>
Gain on disposal	19,480
	<hr/> <hr/>

### (b) Disposal of subsidiaries of Anhui Hualin

During the year ended 31 December 2025, the Group entered into several sale and purchase agreements to dispose of its 100% equity interests in certain subsidiaries of Anhui Hualin Medical Investment Co., Ltd. ("**Anhui Hualin**"). The purpose of the disposal was to dispose of certain non-performing rehabilitation related operating subsidiaries within the Anhui Hualin group. The Group ceased to have control over these subsidiaries after the disposal.

*RMB'000*

Loss on disposal of subsidiaries:

Cash consideration received	270
Net assets disposed of	(1,309)
Non-controlling interest	499
	<hr/>
Loss on disposal	(540)
	<hr/> <hr/>

## 16. CAPITAL COMMITMENTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u>118,163</u>	<u>153,706</u>

## 17. EVENTS AFTER THE REPORTING PERIOD

### (a) New lease arrangements

On 22 December 2025, the Group entered into new lease agreements (the “**2026 Lease Agreements**”) with the relevant lessors for a term of three years from 1 January 2026 to 31 December 2028. The 2026 Lease Agreements are subject to shareholders’ approval pursuant to the Hong Kong Listing Rules.

On 3 March 2026, an extraordinary general meeting of the Company was held and the 2026 Lease Agreements were approved by the shareholders of the Company. The Group expects to recognise addition of right-of-use assets and lease liabilities of approximately RMB257.3 million on its consolidated statement of financial position in 2026.

Details of the 2026 Lease Agreements are set out in the Company’s announcement dated 22 December 2025 and the Company’s circular dated 4 February 2026.

### (b) Disposal of interests in Kangxin Hospital

On 23 March 2026, the Company entered into an equity transfer agreement with, Beijing Fazheng Industrial Group Co., Ltd.\* (北京法政實業集團有限公司) (the “**Purchaser**”) for the disposal of the Company’s remaining 45% equity interest in Kangxin Hospital at a consideration determined with reference to Kangxin Hospital’s revenue for the year ended 31 December 2025 and its outstanding operating liabilities as at 31 March 2026.

Pursuant to the agreement, the Group shall waive the repayment obligations in respect of all loans due from Kangxin Hospital as at 31 March 2026. Nevertheless, the Group shall continue to lease its property to Kangxin Hospital under a new lease agreement on terms and conditions acceptable to the Purchaser.

Upon the completion of the disposal, Kangxin Hospital will cease to be an associate of the Company and the financial results of Kangxin Hospital will no longer be accounted for under equity method in the consolidated financial statements of the Company.

Details of the disposal are set out in the Company’s announcement dated 23 March 2026.

The Company is still in the progress of assessing the financial impacts for the disposal and the new lease agreement up to the date of this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PRINCIPAL OPERATIONS

The Group is a well-recognised hospital operator and healthcare services provider in the PRC with the mission of “Caring for the People and Practicing Medicine with Integrity” (蒼生為念•厚德載醫). The Group operates four major business segments: (i) provision of hospital services; (ii) provision of rehabilitation and other healthcare services; (iii) provision of haemodialysis services; and (iv) provision of elderly healthcare services.

Our hospital services segment currently comprises of two self-owned hospitals. We operate one of the largest private general hospitals in the PRC, namely Dongguan Kanghua Hospital (東莞康華醫院) (“**Kanghua Hospital**”), located in Nancheng District, Dongguan, Guangdong Province. Kanghua Hospital was also one of the first private general hospitals in the PRC to attain a Grade A Class III rating under the National Health and Family Planning Commission of the PRC classification system, the highest rating attainable by hospitals in the PRC. Kanghua Hospital commenced operation in November 2006 and covers a land area of 563 acres, with a total building area of 398,000 square meters and has a designed capacity of 2,006 beds, of which approximately 1,500 beds are already in use and operating. Kanghua Hospital is an ecological largescale hospital, it was rated as the highest level of “Industry Credit AAA” (行業信用AAA) and “Five-Star Service Capability” (服務能力五星) by the China Association of Non-Public Medical Institutions (中國非公立醫療機構協會), being the first in Southern China region. Kanghua Hospital offers a continuum of healthcare services to a diverse range of patients, particularly those with critical, complex or rare medical conditions. Kanghua Hospital received numerous awards in the past, including the 2024 Top 100 Best Hospitals in the Guangdong-Hong Kong-Macao Greater Bay Area (2024粵港澳大灣區最佳醫院100強) and 2024 Dongguan Excellent Medical Insurance Demonstration Hospital (2024年東莞市優秀醫保示範醫院).

We also operate Dongguan Renkang Hospital (東莞仁康醫院) (“**Renkang Hospital**”) located in Houjie Town, Dongguan, Guangdong Province, a Grade A Class II private general hospital servicing the local communities in the surrounding area. Located in Dongguan, Guangdong Province, Kanghua Hospital and Renkang Hospital complement each other through patient referrals, technical assistance, multisite practices and research and teaching collaboration. Renkang Hospital commenced operation in March 2008 and covers a land area of 118 acres, with a total building area of 110,000 square meters with close to 500 beds in service capacity.

Our presence outside of Guangdong Province is Chongqing Kanghua Zhonglian Cardiovascular Hospital (重慶康心醫院) (“**Kangxin Hospital**”), a specialty hospital in cardiovascular diseases in Chongqing, the PRC. Kangxin Hospital is an investment attraction project of the Chongqing Investment and Trade Fair (重慶渝洽會) and the first cardiovascular disease private hospital in Chongqing. Kangxin Hospital was built according to the national Grade A Class III rating specialized hospital standards. The campus covers an area of more than 30 acres, with a planned building area of approximately 100,000 square meters and can accommodate 505 beds in service capacity. In January 2025, the Group disposed 55% equity interest in Kangxin Hospital to a new investment partner, Silver Mountain Capital Limited (銀山資本有限公司) (“**Silver Mountain**”), and retained 45% equity interest as our associate company.

However, subsequent to the end of the Reporting Period, on 23 March 2026, as Kangxin Hospital has continued to underperform against management expectations, and in light of the increasingly competitive healthcare market in the Chongqing region, the Board, following careful deliberation, has concluded that continued capital injection by the existing shareholders alone is neither the optimal course of action for Kangxin Hospital’s long-term development nor in the best interests of the Company and its shareholders as a whole. In order to optimise the allocation of resources within the Group and to safeguard its sustainable development in the long term, the Company has resolved to realign its strategic priorities by introducing an investor into Kangxin Hospital and exiting its investment through the disposal. The disposal will enable the Group to exit a persistently loss-making investment, recover proceeds for deployment towards the Group’s core business operations and general working capital, and optimise the Group’s overall resource allocation, thereby allowing the Board and management to focus on enhancing the operational efficiency and long-term value of the Group’s core healthcare operations.

Our rehabilitation and other related healthcare services segment, with its operations located in Anhui Province, the PRC, mainly consist of two major rehabilitation hospitals, namely, Hefei Kanghua Rehabilitation Hospital (合肥康華康復醫院) and Hefei Jingu Hospital (合肥金谷醫院), a Grade A Class I general hospital, Bengbu Renkang Hospital (蚌埠仁康醫院) and an out-patient centre (these hospitals and out-patient centre represent our rehabilitation hospital and other healthcare services operation), and thirteen rehabilitation centres and one vocational training school (representing our rehabilitation centre services and other services operation). These operations primarily consist of provision of special care services to patients with permanent or long-term physical or mental disabilities and also healthcare and training services for the disabled. These operations signify the Group’s offerings into disability rehabilitation services outside of Guangdong Province, and our expansion initiatives and confidence into quality rehabilitation services in the PRC.

Our haemodialysis services segment is principally engaged in the operation of haemodialysis outpatient centres in the PRC, referred to as the “Kanghua Haemodialysis Group” (康華血液透析集團) or “Kanghua Sunshine” (康華陽光). The provision of haemodialysis services generally refers to treatments that replicate kidney’s function to remove wastes in blood for patients with kidney conditions. The first outpatient centre of the Kanghua Haemodialysis Group commenced operation in 2016. The Kanghua Haemodialysis Group currently operates 12 haemodialysis centres, located in Guangzhou (2), Chengdu (3), Shenzhen (1), Foshan (1), Zhongshan (1), Zhuhai (1), Yangjiang (1), Jieyang (1) and Jiangmen (1), serving more than 970 regular haemodialysis patients. During the Reporting Period, the haemodialysis outpatient centres had performed more than 139,000 (2024: 118,000) haemodialysis operations. The Kanghua Haemodialysis Group has introduced advanced concepts and technologies from haemodialysis outpatient centres in Singapore and implemented high-quality dialysis and refined chronic disease management. The Kanghua Haemodialysis Group is a pioneer in introducing “harmless dialysis” (無傷害透析), which is a protocol significantly more advanced than the prevalent standard in the PRC and has significantly improved the life span and quality of life of kidney patients.

Our elderly healthcare services segment represents the operation of Renkang Elderly Care Centre (仁康護理院). Our comprehensive elderly healthcare centre with a capacity of 108 elderly beds located inside Renkang Hospital aims to provide quality high-end elderly care services to local residents in Houjie Town, Dongguan City, the PRC. In view of the accelerating aging population issue in the PRC that leads to the high development potential of the healthcare and elderly care industry, Renkang Elderly Care Centre signifies our Group’s presence and extension of our “big health” concept business development.

## **BUSINESS REVIEW AND OUTLOOK**

### **Business Overview for 2025**

In 2025, China’s healthcare sector experienced a significant transformation driven by policy reforms, technological advancements, and demographic changes. Hospital operations transitioned from a volume-based growth model to a value-based healthcare approach, largely influenced by the nationwide implementation of Diagnosis-Related Groups (DRG) and Diagnosis-Intervention Packet (DIP) payment reforms, which now encompass over 92% of medical institutions. This transition has resulted in tighter profit margins, prompting hospitals to focus on cost management and quality enhancement. The DRG/DIP payment reform has notably contributed to a reduction in average hospitalization costs. Additionally, price transparency has gained prominence, with regional price disparities potentially affecting provider behaviour. During the Reporting Period, the Group continued to prioritize the management of medical costs while emphasizing personalized and preventive healthcare services.

On the policy front, the government reinforced the integration of hierarchical medical treatment systems, enhancing the roles of county-level hospitals and primary care facilities to alleviate congestion in high-tier urban hospitals. This initiative was bolstered by updated national treatment guidelines and streamlined interprovincial reimbursement processes for migrants. The anti-corruption campaign remained vigorous, while the normalization of value-based procurement continued to exert downward pressure on drug and consumable prices, further impacting hospital revenues and necessitating a restructuring of performance evaluation systems towards value-based outcomes.

During the Reporting Period, the Group's consolidated revenue amounted to RMB2,024.2 million (2024: RMB2,055.7 million), representing a year-on-year decrease of 1.5%, despite the disposal and de-consolidation of Kangxin Hospital's revenue since the beginning of 2025.

The Group recorded a consolidated profit of RMB94.5 million for the Reporting Period (2024: RMB10.5 million), representing a year-on-year increase of 802.4%. The profit for the Reporting Period is primarily attributable to (i) disposal of 55% equity interest in Kangxin Hospital and de-consolidation of its results. As a result of the disposal, the Group has recorded a gain on disposal of RMB19.5 million for the Reporting Period. Kangxin Hospital has been loss-making. Subsequent to the disposal, the financial results of Kangxin Hospital (loss-making) have been de-consolidated from those of the Group. While the Group has accounted for its remaining 45% equity interest in Kangxin Hospital and recorded a share of the loss of Kangxin Hospital (such share of loss amounted to RMB23.2 million for the Reporting Period), the de-consolidation of Kangxin Hospital had a net positive impact to the financial results of the Group, as compared to full consolidation of Kangxin Hospital's loss prior to the disposal; (ii) the continual growth in revenue from our haemodialysis services business operations (though still operating at a loss, however, has reduced pressure to the Group's overall results); and (iii) a substantial decrease in our administrative expenses and finance costs as a result of our efforts in cost saving initiatives and policies during the Reporting Period.

Our hospital services segment has recorded a revenue for the Reporting Period of RMB1,799.6 million (2024: RMB1,838.5 million), representing a year-on-year decrease of 2.1%. During the Reporting Period, the overall patient visits of our hospital services segment recorded a decrease of 9.3% (include the impact of de-consolidation of Kangxin Hospital patient visits) as compared to year 2024. The Group's self-owned hospitals (currently making up our hospital services segment), Kanghua Hospital and Renkang Hospital have recorded increase in revenue of 1.7% and decrease in revenue of 4.7%, respectively.

Our rehabilitation and other related healthcare services segment, through our ownership of 57% equity interest in Anhui Hualin Medical Investment Co., Ltd.\* (安徽樺霖醫療投資有限公司) (“**Anhui Hualin**”) (Anhui Hualin and its subsidiaries, directly and indirectly hold sponsor interests in the managed and controlled entities, certain of which are private non-enterprise entities in Anhui Province, the PRC, collectively the “**Anhui Hualin Group**”), has recorded revenue for the Reporting Period of RMB120.9 million (2024: RMB128.4 million), representing a year-on-year decrease of 5.9%. Revenue for the Reporting Period from our (i) rehabilitation hospitals and other healthcare services operation; and (ii) rehabilitation centre services and other services operation have decreased by 15.0% and increased by 0.8%, respectively. The decrease in revenue is primarily due to the decrease in the inpatient intake and patients average spending at our rehabilitation hospitals, but partly offset by the increase in patient visits at our rehabilitation centres. Carrying over from 2024, the private rehabilitation market continues to expand due to an increasing elderly population and shift towards preventive rehabilitation services. However, the competition is becoming increasingly intense with more private clinics and facilities emerging to meet the demand, which negatively impacts our business operations.

Our haemodialysis services segment, the newly acquired business segment since January 2024, has recorded revenue for the Reporting Period of RMB88.9 million (2024: RMB75.8 million), representing a year-on-year increase of 17.3%. The demand for hemodialysis services in China is significantly increasing due to a rising incidence of chronic kidney disease (CKD) and number of end-stage kidney disease (ESKD) patients. This increase is driven by factors like the growing prevalence of diabetes and hypertension, coupled with a shortage of kidney donors. As people’s income and expectation for quality services increase, patients are seeking alternative options in the private sector for haemodialysis services, where they can enjoy more convenience, flexibility, and personalized care. It is expected that the proportion of patients opting for private sector providers to undergo haemodialysis-related treatments in the PRC will continue to increase. The geographical presence of our haemodialysis out-patient centres aligns with the Group’s strategy of expanding and promoting the “Kanghua” brand in the Greater Bay Area. The Kanghua Haemodialysis Group operates in major cities outside of Dongguan, where Kanghua Hospital is located.

Our elderly healthcare services segment has recorded a revenue for the Reporting Period of RMB14.8 million (2024: RMB12.9 million), representing a year-on-year increase of 14.6%. The Renkang Elderly Care Centre is currently operating at close to maximum capacity, the increase in revenue for the Reporting Period was mainly due to the improvement in utilisation and average spending during the Reporting Period. Over the past years, China’s elderly care service policies have continued to evolve in response to the growing aging population and the need for diverse care options. The demand for elderly healthcare services in China is rapidly increasing. This growing demand is outpacing the current supply of services, particularly in areas like home-based care and specialized services like rehabilitation and psychological counselling.

The Group's Adjusted EBITDA (Adjusted EBITDA is earnings before accounting for bank and other interest income, interest expenses, taxes, depreciation and amortisation, fair value gain/(loss) and investment income from financial assets at FVTPL, fair value gain/(loss) on investment property and net exchange gain/(loss)) recorded a year-on-year increase of 24.9% to RMB286.8 million (2024: RMB229.6 million). The increase in Adjusted EBITDA for the Group demonstrates the resilience of its core operations, after eliminating the effects of financing, investment-related income, fair value changes of investments, effects of exchange rates, capital expenditures and extraordinary non-cash related losses.

## Hospital Services

The Group's self-owned hospitals, namely, Kanghua Hospital (our Grade A Class III standard general hospital) and Renkang Hospital (our Grade A Class II standard general hospital), currently represented our Group's hospital services segment (during the Reporting Period, the Group disposed 55% equity interest in Kangxin Hospital but retained 45% equity interest as our associate company). During the Reporting Period, the key metrics of our financial and operational performance (the financial and operational figures of Kangxin Hospital have been excluded for the Reporting Period as it was no longer included in the Group's hospital services segment following its disposal) are as follows: (i) the total number of inpatient visits decreased to 73,506 (2024: 76,968), representing a year-on-year decrease of 4.5%; (ii) the overall average spending per inpatient visit amounted to RMB14,292.3 (2024: RMB14,114.3), representing a year-on-year increase of 1.3%; (iii) the overall bed utilisation rate increased to 83.4% (2024: 74.3%); (iv) the average length of stay maintained steady at 6.4 days (2024: 6.4 days); (v) the total number of outpatient visits decreased to 1,359,040 (2024: 1,499,016), representing a year-on-year decrease of 9.3%; (vi) the overall average spending per outpatient amounted to RMB456.4 (2024: RMB430.2), representing a year-on-year increase of 6.1%; and (vii) the total number of surgical operations decreased slightly to 53,107 (2024: 53,871), representing a year-on-year decrease of 1.4%.

The table below sets forth certain key operational data of the Group's self-owned hospitals of our hospital services segment for the years indicated:

		<b>For the year ended 31 December</b>	
	<b>Change</b>	<b>2025</b>	<b>2024</b>
<b>Inpatient healthcare services</b>			
Inpatient visits	-4.5%	<b>73,506</b>	76,968
Average length of stay ( <i>days</i> )	–	<b>6.4</b>	6.4
Average spending per visit ( <i>RMB</i> )	+1.3%	<b>14,292.3</b>	14,114.3
<b>Outpatient healthcare services</b>			
Outpatient visits	-9.3%	<b>1,359,040</b>	1,499,016
Average spending per visit ( <i>RMB</i> )	+6.1%	<b>456.4</b>	430.2
<b>Physical examination services</b>			
Physical examination visits	+18.0%	<b>214,315</b>	181,661
Average spending per visit ( <i>RMB</i> )	-6.4%	<b>552.5</b>	590.3

The healthcare industry faced unprecedented operational pressure in 2025. However, under the strategic guidance of the Board with “Three Precision Management” (三精管理) approach, Kanghua Hospital and Renkang Hospital firmly implemented their core strategy of “improving quality, controlling costs, and increasing efficiency”, which actively responded to market changes, promoted group integration, and achieved satisfactory results during the Reporting Period.

Kanghua Hospital’s revenue for the Reporting Period was RMB1,568.0 million (2024: RMB1,541.2 million), representing a 1.7% increase from the previous year. During the Reporting Period, despite an increase in revenue, the overall patient visits experienced a decline. The decline can be attributed to several factors, including reduced incidences of respiratory illnesses, a notable decrease in fertility and birth rates, evolving healthcare, pharmaceutical, and insurance policies (the “**Three Medical**” policies), tighter community referral restrictions, enhanced service capabilities at local town-level hospitals, and the strengthening of medical alliances among public hospitals. In 2025, in the face of challenges such as national healthcare policy reforms, adjustments to medical insurance payment methods and cost control, intensified industry supervision, and increasingly diverse public health needs, Kanghua Hospital focused on its annual core objectives. In response, Kanghua Hospital remained committed to its annual core objectives, balanced development with safety, striving to enhance medical quality, strengthen disciplinary depth, optimize operational management, and improve patient experience. As a result, Kanghua Hospital successfully achieved its annual goals, establishing a robust foundation for the effective implementation of its “Fifth Five-Year Plan”.

Renkang Hospital’s revenue for the Reporting Period was RMB221.3 million (2024: RMB232.2 million), representing a 4.7% decrease from the previous year, both outpatient and inpatient volumes experienced a decline. Improved service capabilities at nearby public hospitals and community centers have led local healthcare providers to limit patient referrals to Renkang Hospital, thereby reducing demand. The hospital has yet to fully develop distinctive specialties and core competencies, resulting in limited regional influence and a lack of differentiated competitive advantages in the short term. In 2025, Renkang Hospital achieved significant milestones in enhancing healthcare services, notably securing certification for its Chest Pain Center from Guangdong Province, which markedly improved the efficiency of acute chest pain treatment. The hospital has made substantial advancements in specialized departments, particularly with the Traditional Chinese Medicine department receiving recognition and notable progress in interventional procedures. Through effective resource integration with Kanghua Hospital, Renkang Hospital has optimized personnel deployment and enhanced operational efficiency. A strong emphasis on quality management has led to prestigious awards for both medical and nursing excellence. Furthermore, the hospital has expanded its community engagement initiatives to meet the increasing demand for elderly care, while also implementing comprehensive safety training and emergency drills to ensure operational stability.

During the Reporting Period, revenue from our postpartum care service (康華月子中心) amounted to RMB10.4 million. Postpartum care services which encompass specialized care for new mothers and their newborns following childbirth, located in the Huaxin Building at Kanghua Hospital and aim to deliver high-quality, premium care to local residents. Previously, revenue from postpartum care was incorporated into inpatient healthcare services within the obstetrics and gynecology (O&G) departments, however, during the Reporting Period, the Group restructured its reporting approach to streamline financial reporting and enhance the performance measurement, as a result, a new reporting entity was established to separately capture the performance of postpartum care services, but will continue to be included within our hospital services segment. The Board is confident that this strategic move will improve our performance measurement, better align with our service differentiation strategies, and can further strengthen the Kanghua brand.

The table below sets forth the revenue contribution by healthcare disciplines of our hospital services segment for the years indicated:

Healthcare disciplines (note (i))	Change	% of revenue of the Group's owned hospitals		% of revenue of the Group's owned hospitals	
		2025 RMB'000	2024 RMB'000	2024 RMB'000	2025 RMB'000
Internal medicine related disciplines	+7.1%	240,217	13.3	224,300	12.2
Cardiovascular related disciplines (note (ii))	-22.8%	199,866	11.1	258,977	14.1
O&G related disciplines	-11.7%	188,463	10.5	213,494	11.6
General surgery related disciplines	+10.0%	157,695	8.8	143,344	7.8
Neurology related disciplines	+0.2%	120,815	6.7	120,550	6.6
Oncology related disciplines	+14.5%	84,061	4.7	73,414	4.9
Emergency medicine related disciplines	+5.1%	82,018	4.6	78,030	4.2
Orthopaedics related disciplines	-4.6%	77,197	4.3	80,907	4.4
Nephrology related disciplines	+7.0%	76,912	4.3	71,888	3.9
Medical aesthetic related disciplines	+12.8%	53,763	3.0	47,668	2.6
Paediatrics related disciplines	-20.3%	33,806	1.9	42,434	2.3
Postpartum care service	N/A	10,368	0.6	–	–
Physical examination	+10.4%	118,411	6.6	107,243	5.8
Other disciplines	-5.4%	356,013	19.8	376,283	20.5
<b>Total</b>	<b>-2.1%</b>	<b>1,799,605</b>	<b>100.0</b>	<b>1,838,532</b>	<b>100.0</b>

*Notes:*

- (i) The Group's healthcare disciplines can generally be classified into clinical disciplines and medical technology disciplines. Medical technology disciplines provide diagnostic and treatment support according to the requirements of clinical disciplines from time to time. Revenue derived from services delivered through medical technology disciplines is generally recognised in the relevant clinical disciplines that utilised such services.
- (ii) During the Reporting Period, the Group disposed 55% equity interest in Kangxin Hospital but retained 45% equity interest as our associate company. The revenue of cardiovascular related disciplines from Kangxin Hospital has been excluded for the Reporting Period as it was no longer included in the Group's hospital services segment following its disposal.

In 2025, the Group performed a total of 53,107 surgeries (2024: 53,871), including 23,858 surgeries (2024: 24,031) with level 3 or level 4 complexities. This represents a year-on-year decrease of 1.4% in total surgeries and decrease of 0.7% in complex surgeries.

The Group's featured healthcare services are high-end specialty care services that extend beyond basic medical services, specifically catering to more affluent patients who are willing to pay a premium for higher quality and customised services not generally available in public hospitals. Revenue from these services amounted to RMB195.9 million during the Reporting Period (2024: RMB188.1 million), representing a year-on-year increase of 4.1%. Our featured healthcare services include, (i) VIP inpatient and outpatient services, obstetrics and gynaecology (O&G) services at Huaxin Building (華心樓) (a complex within Kanghua Hospital dedicated to VIP healthcare); (ii) reproductive medicine; (iii) laser treatment; (iv) plastic and aesthetic surgery; and (v) haemodialysis services (haemodialysis services, operated inside at both Kanghua Hospital and Renkang Hospital, have been included in our featured healthcare services retrospectively for the current and prior year). Despite the overall revenue growth in featured healthcare services, the Group's VIP healthcare services recorded a slight decline during the Reporting Period, amounting to RMB92.5 million (2024: RMB95.0 million), a year-on-year decrease of 2.7%. The Board believes this decline is attributable to the challenging economic environment in the Dongguan region.

### **Rehabilitation and other Healthcare Services**

As at 31 December 2025, the Group's rehabilitation and healthcare services segment, represented by Anhui Hualin Group, operates two rehabilitation hospitals, a general hospital, an outpatient center, thirteen rehabilitation centers, and one vocational training school. During the Reporting Period, this segment recorded a revenue of RMB120.9 million (2024: RMB128.4 million), representing a year-on-year decrease of 5.9%.

Anhui Hualin Group currently employs approximately 900 staff (2024: 1,040) and maintains stable cooperation with the Anhui Disabled Persons Federation (安徽省殘疾人聯合會) and local governments for training services for the disabled. It is also a major provider of children's rehabilitation services in Anhui Province. As at 31 December 2025, Hefei Kanghua Rehabilitation Hospital (合肥康華康復醫院) and Hefei Jingu Hospital (合肥金谷醫院) operated a total of 260 registered beds (2024: 260). During the Reporting Period, the rehabilitation hospitals recorded 21,150 outpatient visits (2024: 27,988) and 1,923 inpatient visits (2024: 4,624).

In 2025, China's rehabilitation healthcare industry continues to experience intense competition and significant challenges. The rehabilitation service sector is facing revenue constraints primarily due to limitations on inpatient visits, which are influenced by social security insurance policies and increasingly stringent safety regulations. The implementation of new DRG regulations in 2024 has further solidified annual social security insurance quotas, thereby impacting revenue forecasts for the current year. Efforts to penetrate new patient markets in various regions have been initiated, however, the anticipated increase in patient volume has fallen short of expectations. This discrepancy is exerting considerable pressure on revenue for 2025. Consequently, industry stakeholders are compelled to explore innovative strategies and foster enhanced partnerships to effectively navigate these obstacles and sustain a competitive advantage.

Notably, the business environment for children's rehabilitation services remains more favorable compared to that for adults. Initiatives are underway to promote the growth and sustainability of children's rehabilitation centers, which are increasingly recognized for their critical role in early intervention and long-term developmental outcomes. The Group continues to actively monitor market trends and pursue strategic partnerships with local rehabilitation centers to enhance service delivery and expand its reach.

During the Reporting Period, revenue from rehabilitation hospitals and other healthcare services decreased by 15.0% to RMB46.2 million (2024: RMB54.4 million), and revenue from rehabilitation center services and other services increased by 0.8% to RMB74.7 million (2024: RMB74.1 million).

### **Haemodialysis services**

The Group's haemodialysis services segment represents the operation of haemodialysis outpatient centres in the PRC. As at the date of this announcement, the Group operates 12 haemodialysis centres, located in Guangzhou (2), Chengdu (3), Shenzhen (1), Foshan (1), Zhongshan (1), Zhuhai (1), Yangjiang (1), Jieyang (1) and Jiangmen (1), serving more than 970 regular haemodialysis patients. In 2025, the haemodialysis outpatient centres had performed more than 139,800 haemodialysis operations as compared with approximately 118,200 haemodialysis operations last year, representing a year-on-year growth of 18.3%.

The Kanghua Haemodialysis Group benefits from a strong recurring patient flow and stable income, as haemodialysis requires ongoing and regular sessions rather than being a one-time treatment. The Group plans to increase its service capacity, thereby expanding its revenue base. During the Reporting Period, the Kanghua Haemodialysis Group generated revenue of RMB88.9 million (2024: RMB75.8 million), representing a year-on-year increase of 17.3%.

Although revenue from the haemodialysis services segment has increased, average patient spending has decreased compared to last year. During the Reporting Period, significant efforts were directed towards reducing costs through optimising procurement of consumables and adoption of new perfusion techniques. Nevertheless, these cost reduction initiatives have been partially offset by adjustments in pricing specifications. Further pricing restrictions in certain regions have imposed additional limits on revenue growth. With the average spending per visit declining, due to reduction in service charge for each haemodialysis operation performed, the revenue growth from increased outpatient volumes has been partially offset by lower average spending.

In 2025, the hemodialysis services industry is poised for growth driven by rising prevalence of chronic kidney disease and an aging population. However, the industry faces challenges such as regulatory pressures, reimbursement constraints, and workforce shortages. Looking ahead into 2026, as new policies in social insurance systems and procurement channels are implemented across regions, the Group will continue to refine internal systems, enhance cost controls, and improve operational efficiency. Although our haemodialysis services segment is currently still loss-making, the haemodialysis services segment is anticipated to generate positive returns for the Company and its Shareholders in the long term.

### **Elderly Healthcare Services**

The Group's elderly healthcare services segment comprises our comprehensive elderly healthcare centre, the Renkang Elderly Care Centre (仁康護理院), which aims to provide quality high-end elderly care services to local residents in Houjie Town, Dongguan City.

Renkang Elderly Care Centre operates a total of 108 beds and, in 2025, achieved an average annual bed utilisation rate of 88.8% (2024: 91.0%). Revenue from the provision of elderly healthcare services for the Reporting Period amounted to RMB14.8 million (2024: RMB12.9 million), representing a year-on-year increase of 14.6%. As Renkang Elderly Care Centre is currently operating at close to maximum capacity, the increase in revenue for the Reporting Period was mainly due to the fluctuations in utilisation and average spending during the Reporting Period. In 2025, the center has continued to place emphasis on providing high-quality follow-up services for elderly residents, including traditional Chinese medicine physiotherapy and rehabilitation training. Additionally, the center has strengthened internal management, revising and improving safety protocols and other systems for nursing homes to ensure the standardization and institutionalization of all service aspects. Renkang Elderly Care Centre will continue to focus on enhancing service quality and cooperating with the evaluation process of Guangdong Province's Pension Institution (廣東省養老機構), striving to achieve accreditation as a five-star pension institution.

## **Industry Outlook and Strategy**

In 2025, China's healthcare industry is navigating a transformative phase, driven by substantial policy reforms, technological advancements, and shifting public demand. The national agenda focuses on innovation-led growth, quality enhancement, and improved accessibility through strategic reforms in healthcare investments and social insurance policies. Emphasis remains on integrated, high-quality services to address the aging population and the rising incidence of chronic diseases.

Recent policy updates prioritize strengthening community health centers, incentivizing healthcare practitioners to work in underserved rural areas, and streamlining the referral process between primary and tertiary care. This integrated model aims to alleviate pressure on urban hospitals and enhance healthcare accessibility nationwide.

Significant reforms in social insurance are reshaping healthcare financing. The expansion of medical insurance schemes is set to provide broader coverage and reduce cost barriers for individuals. New initiatives are designed to create a unified insurance system with flexible premium collections and improved compensation structures, ensuring sustainability amidst rising healthcare costs. Public-private partnerships are encouraged to support infrastructure development while maintaining fiscal integrity.

The National Healthcare Security Administration's "Three-Year Action Plan for DRG/DIP Payment Reform" mandates the implementation of Diagnosis-Related Groups (DRG) and Diagnosis-Intervention Packet (DIP) payment models across all planning areas in 2025. This initiative promotes transparency and efficiency in medical insurance, requiring high standards from private medical institutions and attracting patients with complex, long-term conditions.

Cross-sector collaboration remains a central element of 2025 healthcare reforms, with the government promoting joint ventures between domestic and international entities to facilitate the rapid adoption of global best practices and advanced technologies. This cooperation is expected to stimulate innovation and improve healthcare services in both urban and rural settings. Looking ahead to 2026, the industry outlook is characterized by continued emphasis on digital transformation, enhanced social insurance frameworks, and robust policy reforms. These collective efforts aim to establish a resilient healthcare system that meets the evolving needs of China's diverse population, setting new benchmarks for quality and accessibility in healthcare services.

## *Our Strategy*

Our Group intends to capitalize on industry opportunities through the following measures:

*Continue to strengthen the development of key specialties and improve patient visits:* Enhance departments such as Cardiovascular Center, Plastic and Cosmetic Surgery, Obstetrics and Gynecology, and Rehabilitation Medicine by recruiting prominent leaders and optimizing specialty layouts. Improve patient visits through better outpatient management, particularly in pediatrics and respiratory care, by reallocating personnel or hiring qualified experts. Streamline service processes and expand digital healthcare offerings while enhancing humanistic patient care.

*Focus on high-end medical services:* Address the rising demand for high-quality medical experiences by promoting differentiated development and high-end services. Provide personalized and comprehensive diagnostic and treatment management throughout the patient care cycle. Establish a robust quality management system emphasizing staff participation, surgical quality, and a culture of non-punitive event reporting.

*Strengthen social security payment management systems:* Respond to payment rate adjustments and tightened social insurance quotas by collaborating with the social security bureau to develop diverse payment models, including disease-based payments. Standardize medical record management and enforce quality control measures in compliance with regulations to ensure accurate insurance settlements.

*Rigid control of labor costs and dynamic adjustment of our medical professionals:* Optimize human resources to achieve cost efficiency and effectiveness by enhancing departmental management and building a reserve of professional talent. Recruit high-end talent aligned with the hospital's strategic goals, improve core staff retention, and broaden recruitment channels.

*Smart Hospital Construction:* Upgrade information systems, leverage artificial intelligence in operational scenarios, and utilize big data analytics for informed decision-making. Invest in leading specialties and collaborate with universities to advance research and technological innovations.

In 2026, as Kanghua Hospital and Renkang Hospital initiate their “Fifth Five-Year” Development Plan, both hospitals seek to embrace both challenges and opportunities. The Group is committed to pursuing high-quality, sustainable development to enhance regional healthcare and promote the well-being of the community.

## **Future Plans for Material Investments and Capital Assets**

### ***The Kanghua Qingxi Healthcare Complex (康華•清溪分院)***

The Kanghua Qingxi Healthcare Complex is the Group's new elderly medical and healthcare complex development in Qingxi Town, Dongguan City (the land use rights of a land parcel which was acquired in year 2020), construction work of the main facilities had commenced in 2021. The development involves a comprehensive elderly healthcare medical facility with a particular focus on geriatric patients and rehabilitation, and will further enhance the Group's capability in providing high-end integrated medical care to meet the increasing demand for such services in Guangdong Province, the PRC.

The Kanghua Qingxi Healthcare Complex has a total construction area of more than 130,000 square meters, and the planned architectural content includes several medical technology buildings, inpatient buildings, and nursing buildings, among which we expect there will be 500 inpatient beds and about 800 nursing and rehabilitation beds. The first phase of construction covers the medical technology building, the inpatient building, and the rehabilitation building, with a total construction area of approximately 44,000 square meters. The construction and inspection of the main structure of the buildings for the first phase of the construction has been completed in 2024. The relevant interior decoration is in the progress of re-design and amendments and we expect to complete in year 2026, and aim to put the first phase of the project into operation by 2027. As of 31 December 2025, the total investment in Kanghua Qingxi Healthcare Complex amounted to approximately RMB233.1 million.

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets as of the date of this announcement.

## **FINANCIAL REVIEW**

### **Segment Revenue**

The Group generates revenue primarily from: (i) hospital services – provision of healthcare services through its owned hospitals, namely Kanghua Hospital and Renkang Hospital (2024: Kanghua Hospital, Renkang Hospital and Kangxin Hospital), comprising inpatient healthcare services, outpatient healthcare services, physical examination services and postpartum care service; (ii) rehabilitation and other healthcare services – provision of rehabilitation services to patients with physical or mental disabilities and other healthcare related services including elderly care and training service for the disabled; (iii) haemodialysis services – provision of haemodialysis services primarily refers to treatments that replicate kidney's function to remove wastes in blood for patients with kidney disease or failure; and (iv) elderly healthcare services – provision of elderly healthcare services, including assisted living, adult daycare, long-term care, residential care and hospice care to the aged patients.

The following tables below set forth the revenue, costs of revenue, gross profit and gross profit margin of the Group by segment for the years indicated:

*For the year ended 31 December 2025*

	Hospital services <i>RMB'000</i>	Rehabilitation and other healthcare services <i>RMB'000</i>	Haemodialysis services <i>RMB'000</i>	Elderly healthcare services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	1,799,605	120,902	88,892	14,801	2,024,200
Cost of revenue	(1,474,363)	(99,235)	(74,456)	(7,223)	(1,655,277)
Gross profit	325,242	21,667	14,436	7,578	368,923
Gross profit margin	18.1%	17.9%	16.2%	51.2%	18.2%

*For the year ended 31 December 2024*

	Hospital services <i>RMB'000</i>	Rehabilitation and other healthcare services <i>RMB'000</i>	Haemodialysis services <i>RMB'000</i>	Elderly healthcare services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	1,838,532	128,449	75,770	12,919	2,055,670
Cost of revenue	(1,549,785)	(101,777)	(74,328)	(7,907)	(1,733,797)
Gross profit	288,747	26,672	1,442	5,012	321,873
Gross profit margin	15.7%	20.8%	1.9%	38.8%	15.7%

Revenue from the Group's hospital services amount to RMB1,799.6 million for the Reporting Period (2024: RMB1,838.5 million), representing a year-on-year decrease of 2.1%, accounting for 88.9% (2024: 89.4%) of the total revenue of the Group.

Revenue from hospital services comprised (i) revenue from inpatient healthcare services amounted to RMB1,050.6 million (2024: RMB1,086.4 million), representing a year-on-year decrease of 3.3%, accounting for 51.9% (2024: 52.8%) of the total revenue of the Group; (ii) revenue from outpatient healthcare services amounted to RMB620.3 million (2024: RMB644.9 million), representing a year-on-year decrease of 3.8%, accounting for 30.6% (2024: 31.4%) of the total revenue of the Group; (iii) revenue from physical examination services amounted to RMB118.4 million (2024: RMB107.2 million), representing a year-on-year increase of 10.4%, accounting for 5.8% (2024: 5.2%) of the total revenue of the Group; and (iv) revenue from postpartum care service amounted to RMB10.4 million (2024: nil), accounting for 0.5% (2024: nil) of the total revenue of the Group. The decrease in revenue from hospital services is primarily attributable to (i) the decline in revenue of our several major medical disciplines, in particular, the cardiovascular related disciplines (following the disposal of 55% equity interest in Kangxin Hospital during the Reporting Period), paediatrics related disciplines and O&G

related disciplines; (ii) the decrease in both outpatient and inpatient visits; and (iii) despite the increase in patient's average spending during the Reporting Period. During 2025, departments such as pediatrics, respiratory medicine, and obstetrics and gynecology recorded the most significant drops in patient visits. This decline in revenue can be attributed to several factors, including the decrease in general outpatient visits which has a carry-over impact on inpatient visits, a notable decrease in fertility and birth rates which has the most significant impact in paediatrics related disciplines and O&G related disciplines, the evolving Three Medical policies which has downward pressure on medical service charges and per patient spendings, tighter community medical referral restrictions, enhanced service capabilities at local town-level hospitals which has impact over patient referrals to Kanghua Hospital, and the strengthening of medical alliances among public hospitals. Additionally, increased regional competition in medical specialties has contributed to a decrease in the business volume of the relevant departments at Kanghua Hospital and Renkang Hospital.

Revenue from rehabilitation and other healthcare services amounted to RMB120.9 million (2024: RMB128.4 million), representing a year-on-year decrease of 5.9%, accounting for 6.0% (2024: 6.2%) of the total revenue of the Group. Anhui Hualin Group is principally engaged in provision of rehabilitation services to the patients with physical or mental disabilities and other healthcare related services including care services for elderly and training services for the disabled. The decrease in revenue is mainly attributable to (i) decrease in the inpatient intake and patients average spending at our rehabilitation hospitals and rehabilitation centres; and (ii) continuing reforms and policy implementation in payment rates adjustments as well as restrictions on annual insurance payout quotas.

Revenue from haemodialysis services amounted to RMB88.9 million (2024: RMB75.8 million), representing a year-on-year increase of 17.3%, accounting for 4.4% (2024: 3.7%) of the total revenue of the Group. The haemodialysis services segment was acquired by the Group in January 2024 and is still operating at loss. The increase in revenue is mainly attributable to the growth in overall patient visits and the rise in regular haemodialysis patients, furthermore, several new centers that commenced operations in 2024 continue to mature which further contributed to the growth. The Board is optimistic that the haemodialysis services segment will be one of the key revenue drivers of the Group in the medium to long term.

Revenue from elderly healthcare services represents the provision of elderly healthcare services at our Renkang Elderly Care Centre, which amounted to RMB14.8 million (2024: RMB12.9 million), representing a year-on-year increase of 14.6%, accounting for 0.7% (2024: 0.6%) of the total revenue of the Group. As Renkang Elderly Care Centre is currently operating at close to maximum capacity, the increase in revenue for the Reporting Period was mainly due to the fluctuations in utilisation and increase in average spending during the Reporting Period.

## Cost of Revenue

Cost of revenue of the Group's hospital services segment (consisting of inpatient healthcare services, outpatient healthcare services, physical examination services and postpartum care service) primarily consisted of pharmaceuticals, medical consumables, staff cost, depreciation, service expenses, utilities expenses, rental expenses and other costs. Cost of revenue of the Group's hospital services segment decreased to RMB1,474.4 million (2024: RMB1,549.8 million), representing a year-on-year decrease of 4.9%. The decrease in cost of revenue of our hospital services segment is mainly attributable to the full de-consolidation of Kangxin Hospital's cost of revenue from those of the Group following the disposal of a 55% equity interest. The disposal had a net positive impact to the financial results of the Group, as compared to full consolidation of Kangxin Hospital's loss prior to the disposal. Despite the disposal of Kangxin Hospital, the Group's hospital services segment recorded a decline in all categories of direct costs. This reduction is attributed to the comprehensive measures and policies implemented during 2025 aimed at controlling and reducing expenses.

Cost of revenue of the Group's rehabilitation and other healthcare services segment amounts to RMB99.2 million (2024: RMB101.8 million), representing a year-on-year decrease of 2.5%, and primarily consisted of staff costs, medical consumables, depreciation, utilities and rental expenses. Staff costs are salaries and benefits for healthcare professionals, including physical therapists, occupational therapists, speech therapists, and nursing staff involved in patient care. Medical consumables are therapeutic supplies associated with purchasing and maintaining rehabilitation equipment (e.g., treadmills, weights, adaptive devices) and consumable supplies. The decrease in cost of revenue within our rehabilitation and healthcare services segment is primarily driven by decreased staff costs, with a reduced total workforce resulting from lower business volume and operational activities.

Cost of revenue of the Group's haemodialysis services segment amounts to RMB74.5 million (2024: RMB74.3 million), representing a year-on-year increase of 0.2%, and primarily consisted of staff costs, medical consumables, depreciation, utilities and rental expenses. Direct staff costs include expenses related to the salaries and benefits of healthcare professionals, such as nephrologists, nurses, and technicians who provide dialysis treatments. Medical consumables refer to medical supplies and costs associated with the purchases and maintenance of dialysis machines, tubing, filters, and other consumables necessary for each treatment session. Facility overhead such as utility expenses relates to the operational costs of the dialysis centres, including rent, water and electricity and maintenance of the facility. Other costs are expenses related to ancillary services, such as lab tests and cleaning and waste treatment. The increase in cost of revenue within our haemodialysis services segment is primarily attributable to the increase in business operations, which corresponds with the overall increase in total revenue generated from this segment.

Cost of revenue of the Group's elderly healthcare services represents cost of revenue at Renkang Elderly Care Centre amounted to RMB7.2 million (2024: RMB7.9 million), representing a year-on-year decrease of 8.7%, which mainly represent the cost of services including direct staff cost and consumables incurred at the elderly care centre. There were no significant changes in cost of revenue as the centre had been operating at high utilisation.

During the Reporting Period, pharmaceuticals, medical consumables and staff cost accounted for approximately 27.6% (2024: 25.4%), 24.8% (2024: 25.9%) and 34.2% (2024: 34.3%), respectively, of the total cost of revenue of the Group. The proportion of cost of pharmaceuticals and medical consumables as percentage of total cost of revenue maintain relatively stable during the Reporting period, despite the de-consolidation of Kangxin Hospital and the decline in both outpatient and inpatient visits. Our total staff-related costs, including salaries, bonuses, and other benefits, decreased by 4.6% compared to the prior year, primarily due to the financial impact from the disposal of Kangxin Hospital and decrease in total number of staff across all our operating segments as a result of stringent cost control measures. Nonetheless, the Group continues to encounter pressures from elevated salary levels, retention costs, and a shortage of qualified medical professionals in the market.

### **Gross Profit and Gross Profit Margin**

Total gross profit of the Group amounted to RMB368.9 million (2024: RMB321.9 million), representing a year-on-year increase of 14.6%. The overall gross profit margin rose to 18.2% (2024: 15.7%), primarily due to: (i) full de-consolidation of Kangxin Hospital's cost of revenue from those of the Group following the disposal of a 55% equity interest; (ii) the increase in the overall average patient spending, despite the drops in patient visits; (iii) continual improvement in the operating performance of our haemodialysis services segment; and (iv) as well as stringent cost control measures.

### **Other Income**

The other income of the Group primarily consisted of bank and other interest income, investment income from financial assets at FVTPL, government subsidies, fixed operating lease income (rental income), clinical trial and related income and others. During the Reporting Period, other income amounted to RMB47.1 million (2024: RMB53.5 million), representing a year-on-year decrease of 12.0%, primarily attributable to (i) the increase in rental income to RMB16.3 million (2024: RMB4.4 million). Rental income primarily comprised rents received from staff for the use of staff quarters, as well as leasing arrangements for the café and shops within our hospital premises. During the Reporting Period, following the disposal of Kangxin Hospital, the Group entered into a rental agreement with Kangxin Hospital to lease Phase 1 of the hospital building in Chongqing for a term of 20 years, which includes a two-year rent-free period starting in January 2025. The Group recognized an effective rental income of RMB12.0 million during the Reporting Period; (ii) a decrease in investment income from financial assets at FVTPL to RMB6.1 million (2024: RMB7.8 million) primarily due to a decrease in amount of structured deposits being placed and lower interest rates during the Reporting Period; (iii) a decrease in government related subsidies to RMB1.8 million (2024: RMB5.4 million); (iv) a decrease in clinical trial and related income to RMB2.2 million (2024: RMB19.5 million) as the Group substantially ceased such operations since November 2024; (v) a decrease in bank and other interest income to RMB4.2 million (2024: RMB6.0 million); and (vi) offset by an increase in local health service income and other miscellaneous income such as work-related injuries and disability assessment income.

## **Other Expenses, Gains and Losses**

The other expenses, gains and losses of the Group primarily consisted of fair value gain/(loss) on financial assets at FVTPL, loss on disposals of property, plant and equipment, donations, gain on early termination of leases, and net exchange gain/(loss). During the Reporting Period, other expenses, gains and losses amounted to a net gain of RMB3.0 million (2024: net loss of RMB7.3 million), primarily attributable to (i) a recorded net exchange loss of RMB3.4 million (2024: net exchange gain of RMB2.5 million) mainly arising from our Hong Kong dollar denominated financial assets; (ii) a recorded loss on disposal of property, plant and equipment of RMB0.4 million (2024: RMB0.4 million); (iii) a recorded fair value gain on financial assets at FVTPL of RMB8.6 million (2024: fair value loss of RMB9.4 million), arising from the fair value changes of an investment fund held by the Group; and (iv) gain on early termination of leases of RMB0.4 million (2024: nil).

## **Net Provision for Impairment Losses under Expected Credit Loss (ECL) Model**

During the Reporting Period, impairment losses under expected credit loss model recorded a net provision of RMB14.1 million (2024: RMB4.3 million). The net provision for the Reporting Period is mainly attributable to: (i) specific provisions were made to certain receivables from social security bureau and written-off during Reporting Period following an annual review conducted by the bureau; and (ii) the effects of increase in the Group's accounts receivable aging and deterioration in credit rating of certain corporate customers and outstanding debts from patients. In the past years, the Group has increased its efforts to recover overdue debts, including recovering receivables from patients through legal actions, as well as tightening credit reviews given to corporate customers.

The Group collectively assesses ECL for the accounts and other receivables, except for accounts receivable from the PRC government's social insurance scheme and certain credit impaired debtors which are assessed for ECL individually. The provision rates are based on internal credit ratings as groupings of various receivables that have similar loss patterns. The collective assessment is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and available without undue costs or effort. At every reporting date, the historically observed default rates are reassessed and changes in the forward-looking information are considered.

The management of the Group closely monitors the credit quality of accounts and other receivables and considers the debts that are neither past due nor impaired to be of a good credit quality. Receivables that were neither past due nor impaired related to the customers and debtors for whom there was no history of default. As part of the Group's credit risk management, the Group uses receivables' aging to assess the impairment for its receivables except for accounts receivables from the PRC government's social insurance schemes and certain credit impaired debtors of which ECL are assessed individually. These receivables consist of a large number of small patients with common risk characteristics that are representative of the patients' abilities to pay all amounts due in accordance with the contractual terms.

## **Administrative Expenses**

The administrative expenses of the Group primarily consisted of staff costs, repairs and maintenance expenses, office expenses, depreciation and amortisation, rental expenses, utilities expenses, entertainment and travelling expenses and other expenses. During the Reporting Period, administrative expenses amounted to RMB207.4 million (2024: RMB277.1 million), representing a year-on-year decrease of approximately 25.1%, primarily due to (i) full de-consolidation of Kangxin Hospital's administrative costs from those of the Group following the disposal of a 55% equity interest; and (ii) initiatives to enforce stringent cost control policies during the Reporting Period. Staff costs, repairs and maintenance expenses and office expenses have all recorded a 23.3%, 35.7% and 26.0% decrease, respectively, as compared with last year.

## **Finance Costs**

Finance costs for the Reporting Period amounted to RMB16.0 million (2024: RMB23.6 million), representing a year-on-year decrease of 32.4%. Finance costs for the Reporting Period represents (i) interest on bank loans raised of RMB11.8 million (2024: RMB9.6 million); (ii) bank arrangement fee of approximately RMB11.7 million was charged to profit or loss on a one-off basis in 2024 (nil for the Reporting Period); (iii) interest on loan from Kanghua Group of RMB0.6 million in 2024 (nil for the Reporting Period); (iv) the interest element relating to lease liabilities charged to profit or loss during the Reporting Period of RMB4.1 million (2024: RMB7.2 million); and (v) less the amount of interest capitalised in the cost of qualifying assets of RMB7.9 million in 2024 (nil for the Reporting Period).

## **Income Tax Expenses**

The income tax expenses of the Group primarily consisted of PRC enterprise income tax, Hong Kong Profits Tax and deferred tax. During the Reporting Period, income tax expenses amounted to RMB47.8 million (2024: RMB52.6 million), representing a year-on-year decrease of approximately 9.1%. The subsidiaries of the Group in the PRC are generally subject to income tax rate of 25% on their respective taxable income. The decrease in income tax expenses was primarily due to the decrease in profits generated at Kanghua Hospital during the Reporting Period.

## **Profit for the Year**

The Group recorded profit for the Reporting Period amounting to RMB94.5 million (2024: RMB10.5 million), and profit attributable to the shareholders amounting to RMB99.6 million (2024: RMB15.3 million).

## Adjusted EBITDA

The profit for the year is the primary performance indicator of the Group, which reflects the totality of the Group's performance based on IFRS and has been discussed in the management discussion in this announcement. The relevant disclosures on Adjusted EBITDA are intended to provide an additional measure for investors to understand the Group's core operating performance based on elimination of impact that the management considers is not reflective of the core operations of the Group.

The following table sets out the reconciliation from profit before taxation to Adjusted EBITDA and explanation notes for the years indicated:

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit for the year		<b>94,513</b>	10,473
Add: Income tax expenses		<b>47,787</b>	52,582
<b>Profit before taxation (IFRS measure)</b>		<b>142,300</b>	63,055
Add: Finance costs	(i)	<b>15,964</b>	23,627
Add: Depreciation of right-of-use assets	(i)	<b>42,000</b>	43,172
Add: Depreciation of property, plant and equipment	(i)	<b>97,459</b>	106,683
<b>EBITDA (non-IFRS measure)</b>		<b>297,723</b>	236,537
Less: Fair value (gain)/loss on financial assets at FVTPL	(ii)	<b>(8,600)</b>	9,400
Less: Investment income from financial assets at FVTPL	(iii)	<b>(6,119)</b>	(7,797)
Add: Loss on change in fair value of investment property	(iv)	<b>4,500</b>	–
Add: Exchange loss/(gain)	(v)	<b>3,423</b>	(2,504)
Less: Bank and other interest income	(vi)	<b>(4,173)</b>	(6,000)
<b>Adjusted EBITDA (non-IFRS measure)</b>		<b>286,754</b>	229,636

### Notes:

- (i) EBITDA (represents earnings before interest, taxes, depreciation and amortization) is an additional tool for users of the financial information to understand the cash profit generated by the Group's operations, by eliminating the impact of taxes, cost of debts (finance costs) and non-cash depreciation of right-of-use assets and property, plant and equipment. EBITDA can also represent the financial outcome of operating management decisions by eliminating the impact of non-operating management decisions, such as tax expenses, interest expenses and depreciation, and enables to assess the substantive profitability of the Group net of expenses dependent on financing decisions, tax strategy, and discretionary depreciation schedules.

- (ii) Fair value (gain)/loss on financial assets at FVTPL represents fair value changes of investments held by the Group. As part of the Group's cash management policy to manage excess cash, the Group purchased investment products from financial institutions or invest into funds to achieve higher interest income without interfering with the business operations or capital expenditures. Such investment products or investment funds held by the Group do not form part of the Group's core business operations and subject to fair value changes from time to time with fair value gains or losses recognised in the consolidated statement of profit or loss. In the opinion of the Directors, such gains or losses associated with the investment is not reflective of the daily business operations of the Group, and removal of such gains or losses would enable the users of the financial information to better understand the core operating performance of the Group.
- (iii) Investment income from financial assets at FVTPL represents investment income earned by the Group which primarily includes interest income from structured bank deposits purchased by the Group. As part of the Group's cash management policy to manage excess cash, the Group purchased investment products from financial institutions to achieve higher interest income without interfering with the business operations or capital expenditures. Such structured bank deposits do not form part of the Group's core business operations. In the opinion of the Directors, the income associated with the structured bank deposits is not reflective of the daily business operations of the Group, and the removal of such income would enable the users of the financial information to better understand the core operating performance of the Group.
- (iv) Fair value loss of investment property represents fair value changes of an investment property held by the Group under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment property. The Group leases out its medical facilities located in Chongqing under operating leases with rentals payable monthly with lease term of 20 years. In the opinion of the Directors, such fair value gains or losses associated with the investment property are not reflective of the daily business operations of the Group, and the removal of fair value gains or losses would enable the users of the financial information to better understand the core operating performance of the Group.
- (v) Exchange loss/(gain) represents the financial impact in movements of exchange rates primarily on the Group's portfolio investment fund, bank balances and fixed bank deposits which are denominated in Hong Kong dollars. Other than the portfolio investment fund, bank balances and fixed bank deposits, the Group does not have other significant foreign currency denominated financial assets and liabilities. In the opinion of the Directors, such exchange gains or losses associated with portfolio investment fund, bank balances and fixed bank deposits are not reflective of the daily business operations of the Group, and the removal exchange gains or losses would enable the users of the financial information to better understand the core operating performance of the Group.
- (vi) Bank and other interest income primarily represents interest income from bank deposits from the savings accounts. In the opinion of the Directors, such interest income is not reflective of the daily business operations of the Group, and the removal of such interest income would enable the users of the financial information to better understand the core operating performance of the Group.

## FINANCIAL POSITION

### **Property, Plant and Equipment, Right-of-use assets and Deposits Paid for Acquisition of Property, Plant and Equipment**

During the Reporting Period, the Group acquired property, plant and equipment and incurred expenditure on construction in progress of RMB61.3 million (2024: RMB60.4 million) and RMB20.3 million (2024: RMB48.4 million), respectively, mainly for the purpose of (i) upgrading and expanding the service capacity of our hospital operations, rehabilitation service operations and haemodialysis outpatient centres; (ii) construction cost incurred at Phase II medical facility at our Kangxin Hospital; and (iii) construction for the development of our Kanghua Qingxi Healthcare Complex.

At 31 December 2025, the Group has right-of-use assets of RMB224.6 million (2024: RMB280.1 million) which includes leasehold lands of RMB183.4 million (2024: RMB212.0 million) and leasehold land and buildings relating to leases of RMB41.2 million (2024: RMB68.2 million) recognised in accordance with IFRS 16. During the Reporting Period, the Group entered into new lease agreements for the use of properties in the PRC ranging from 4 to 15 years and is required to make fixed monthly payments. On lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB9.2 million (2024: RMB2.8 million) relating to each of those new leases during the Reporting Period.

During the Reporting Period, the Group entered into agreements with landlords for early termination of lease contracts, the carrying amounts of right-of-use assets and lease liabilities were RMB1.8 million and RMB2.2 million, respectively, resulting in a gain of RMB0.4 million recognised in profit or loss as other income. During the Reporting Period, the Group entered into agreements with landlords for lease modifications, resulting in a gain of RMB7.5 million recognised in profit or loss as other income.

In addition, during the Reporting Period, the Group disposed of certain property, plant and equipment of carrying amount RMB17.2 million, upon disposal of Kangxin Hospital and other subsidiaries within the Anhui Hualin Group.

During the Reporting Period, the Group transferred certain land and building (the phase 1 medical facility underlying the operations of Kangxin Hospital located in Chongqing) previously classified as property, plant and equipment and right-of-use assets of carrying amounts RMB171.0 million and RMB24.2 million, respectively, to be classified under investment property and leased them to Kangxin Hospital (an associate of the Group) for generating rental income. Upon transfer to investment property, the asset was revalued with a surplus on valuation of RMB20.1 million (net of tax) and credited to property revaluation reserve.

As at 31 December 2025, the Group had deposits paid for acquisition of property, plant and equipment amounting to RMB6.7 million (2024: RMB29.5 million). The deposits mainly represent deposits paid for construction cost of Phase II medical facility located in Chongqing and amount paid for acquisition of new medical equipment and other new facilities as the Group continues to upgrade its medical facilities and expand its operation capacity.

### **Investment Property**

As at 31 December 2025, the Group's investment property represented land and building, being the phase 1 medical facility located in Chongqing, held and leased to Kangxin Hospital. In July 2024, Kangxin Hospital has completed a demerger under PRC laws, pursuant to which the Chongqing Kanghua Zhonglian Healthcare Management Co., Ltd.\* (重慶康華眾聯醫療管理有限公司) (“**Chongqing Kanghua Property**”) (as a wholly-owned subsidiary of the Company) has been established to hold the land and buildings underlying the operations of Kangxin Hospital. Upon entering the sale and purchase agreement for the disposal of 55% equity interest in Kangxin Hospital (as the lessee) in January 2025, Chongqing Kanghua Property (as the lessor) also entered into a lease agreement with Kangxin Hospital (as the lessee) for the lease of the phase 1 medical facility with lease term of 20 years, which includes a two-year rent-free period starting in January 2025. In connection to the leasing arrangement, the Group transferred the phase 1 medical facility (land and building) previously classified under property, plant and equipment and right-of-use assets with aggregated carrying amount RMB195.2 million to investment property. Upon transfer to investment property, the property was revalued at RMB222.0 million, with a surplus on valuation of RMB20.1 million (net of tax) and credited to property revaluation reserve. The phase 2 medical facility remained as leasehold land and buildings held by Chongqing Kanghua Property as at 31 December 2025, and was not transferred to investment property. As at 31 December 2025, the Group's investment property was measured using the fair value model with carrying amount of RMB217.5 million, with loss on fair value change of RMB4.5 million recognised in profit or loss during the Reporting Period.

### **Other Asset**

Other asset represented a brand introduction fee paid by the Group to procure the introduction of the “Artemed” brand by Silver Mountain Capital Limited (銀山資本有限公司) (“**Silver Mountain**”) to Kangxin Hospital under a management arrangement with Silver Mountain in 2022 (“**Management Arrangements**”). Details of the Management Arrangements are set out in the Company's announcement dated 23 May 2022. Pursuant to the Management Arrangements, Silver Mountain shall provide a series of services with a view to improving and optimising the operations of Kangxin Hospital including the introduction of a German medical group “Artemed” to Kangxin Hospital to participate in daily management and operations, overseas and domestic resources, research capabilities, clinical achievement transformation, policy innovation, cooperation with medical colleges, key scientific construction, medical informatics, medical payment system, quality control, expert collaboration and cost control. The “Artemed” license holder has granted Kangxin Hospital for a non-exclusive right to use Artemed brand in Mainland China. As at 31 December 2024, other asset of RMB17.4 million has been reclassified to and included in assets classified as held for sale, and was disposed upon disposal of Kangxin Hospital during the Reporting Period.

## **Interest in an Associate (Kangxin Hospital)**

On 9 January 2025, the Company entered into a sale and purchase agreement for the disposal of 55% equity interest in Kangxin Hospital at a consideration of RMB34.9 million. Details of the contractual arrangements are set out in the Company's announcement dated 9 January 2025. The disposal was completed on 8 February 2025. Kangxin Hospital has ceased to be a subsidiary of the Company and the financial results of Kangxin Hospital were no longer consolidated into those of the Company. The Company has accounted for its remaining 45% equity interest in Kangxin Hospital as interest in an associate under equity method. At the date of disposal of Kangxin Hospital, the Group has recognised a gain on disposal of approximately RMB19.5 million and interest in an associate (at fair value) of RMB23.2 million for the remaining 45% equity interest in Kangxin Hospital.

During the Reporting Period, the Group's share of the loss of Kangxin Hospital amounted to RMB23.2 million and the carrying amount of our interest amounted to nil as at 31 December 2025.

## **Accounts and Other Receivables**

The account receivables of the Group primarily consisted of balances due from social insurance funds, certain corporate customers and individual patients. As at 31 December 2025, accounts receivables amounted to RMB233.6 million (2024: RMB265.6 million), of which 73.4% (2024: 66.2%) were aged within 90 days. Average accounts receivables turnover days for the Reporting Period is 45.0 days (2024: 46.4 days). The decrease in accounts receivables and accounts receivable turnover days was primarily due to the decrease in balance due from social insurance funds and other government authorities, and certain corporate customers, as well as the de-consolidation of Kangxin Hospital's accounts receivables following the disposal of a 55% equity interest. As at 31 December 2025, the Group has carried out credit assessment on its accounts and other receivables and a net provision of impairment loss of RMB14.1 million (2024: RMB4.3 million) has been charged to profit or loss during the Reporting Period.

The other receivables of the Group primarily consisted of prepayments to suppliers and others. As at 31 December 2025, total other receivables amounted to RMB49.7 million (2024: RMB46.9 million) and primarily comprised (i) prepayments to suppliers of RMB9.1 million (2024: RMB11.3 million); and (ii) other receivables comprising prepayments to other non-trade suppliers, security deposits and other prepaid expenses and others amounted to RMB42.7 million (2024: RMB37.9 million), which is offset by a net provision expected for credit loss of RMB2.1 million (2024: RMB2.2 million).

## **Accounts and Other Payables and Provision**

The accounts and other payables and provision of the Group primarily consisted of accounts payable, accrued expenses, receipts in advance, payables for acquisition of property, plant and equipment, provision for medical dispute claims, other tax payables and others. At 31 December 2025, accounts and other payables and provisions increased to RMB777.3 million (2024: RMB758.8 million) primarily attributable to: (i) an increase in accounts payable to RMB387.0 million (2024: RMB357.9 million) primarily due to the expansion of haemodialysis service operations and delayed payments resulting from a more stringent cash-flow management policy of the Group; (ii) a decrease of accrued expenses to RMB84.2 million (2024: RMB90.5 million); (iii) a decrease in receipt in advance to RMB241.1 million (2024: RMB250.0 million) which mainly represents temporary funds received from social security insurance fund; and (iv) an increase in payables for acquisition of property, plant and equipment to RMB36.9 million (2024: RMB26.3 million); and (v) an increase in provision for medical dispute claims to RMB5.1 million (2024: RMB2.9 million), comprising a net provision for the Reporting Period of RMB6.0 million (2024: RMB7.5 million).

## **Net Current Assets and Net Assets**

As at 31 December 2025, the Group recorded net current assets of RMB283.3 million (2024: RMB236.9 million) and net assets position of RMB1,526.3 million (2024: RMB1,462.3 million).

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Financial Resources**

As at 31 December 2025, the Group continued to maintain a good financial position with cash and cash equivalents of RMB232.8 million (2024: RMB242.6 million), fixed bank deposits of RMB59.4 million (2024: RMB65.8 million) and restricted bank balances of RMB0.8 million (2024: RMB3.1 million). The Group continues to generate steady cash flow from operations. Taking into account sufficient cash and bank balances, in the opinion of the directors of the Company, the Group will have adequate and sufficient liquidity and financial resources to meet the working capital requirement of the Group for at least the next twelve months following the end of the Reporting Period.

As at 31 December 2025, as part of the Group's cash management activities, the Group had investments (classified as financial assets at FVTPL) in aggregate of RMB482.6 million (2024: RMB394.0 million), primarily consisting of, (i) a fund investment of RMB32.6 million (2024: RMB24.0 million). In 2021, the Group entered into a partnership agreement with two independent third parties for the establishment of a fund, namely, Guangdong Bosong Kanghua Equity Investment Partnership, L.P. (廣東鉅頌康華股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC. The purpose of the fund is to achieve investment returns and capital appreciation through carrying out investment, investment management and other activities in accordance with PRC laws, business scope under business registration, and the partnership agreement. To the extent permitted by the applicable laws, the fund will invest primarily in the fields of medical services, biotechnology, medical equipment, and medical informatics. The initial term of the fund shall be seven years. As at 31 December 2025, the fund had made equity investments in two (2024: two) unlisted companies and the aggregate carrying amounts of the equity investments was RMB32.6 million (2024: RMB24.0 million), which were measured at fair values. During the Reporting Period, the Group recognised a fair value gain of RMB8.6 million (2024: fair value loss of RMB9.4 million) in relation to fund investment; and (iii) structured short-term bank deposits of RMB450.0 million (2024: RMB370.0 million), representing low-risk structured investment products issued by commercial banks in the PRC for variable investment returns. Majority of these structured deposits are with maturities of less than six months and the principal is generally renewed when matured.

As part of the Group's cash management policy to manage excess cash, the Group purchases investment products from financial institutions to achieve higher interest income without interfering with business operations or capital expenditures. The Group carefully balances the risks and returns associated with the investment products when making the investment decisions. The senior management of the Group is closely involved in scrutinizing any decision of the Group to purchase investment products. The investment products should generally satisfy the following criteria, including: (i) its term should generally not exceed one year; (ii) it should not interfere with the Group's business operations or capital expenditures; (iii) it should be issued by a reputable bank which the Group has a long-term relationship, preferably exceeding five years; and (iv) the underlying investment portfolio should generally be low risk.

## Cash Flow Analysis

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

	Change	2025 RMB'000	2024 RMB'000
Net cash flow from operating activities	+0.9%	282,664	280,132
Net cash flow used in investing activities	+12.6%	(98,306)	(87,331)
Net cash flow used in financing activities	-21.4%	(197,748)	(251,705)
<b>Net decrease in cash and cash equivalents</b>		<b>(13,390)</b>	<b>(58,904)</b>

### *Net cash flow from operating activities*

During the Reporting Period, the net cash flow from operating activities amounted to RMB282.7 million (2024: RMB280.1 million), representing a year-on-year increase of 0.9%, which is primarily attributable to the improvement in adjusted EBITDA performance during the Reporting Period.

### *Net cash flow used in investing activities*

During the Reporting Period, the net cash flow used in investing activities amounted to RMB98.3 million (2024: RMB87.3 million), representing a year-on-year increase of 12.6%, which is primarily attributable to (i) net cash flow from disposal of 55% equity interest in Kangxin Hospital and other subsidiaries of Anhui Hualin Group in total of RMB31.0 million (2024: net cash flow from acquisition of 70% in the Kanghua Haemodialysis Group of RMB6.1 million); (ii) an advance to Kangxin Hospital to support its operations of RMB18.2 million (2024: nil); (iii) a decrease in purchase of property, plant and equipment to RMB40.0 million (2024: RMB65.4 million); and (iv) a decrease in deposits paid for acquisition of property, plant and equipment to RMB8.2 million (2024: RMB21.3 million).

### *Net cash flow used in financing activities*

During the Reporting Period, the net cash flow used in financing activities amounted to RMB197.7 million (2024: RMB251.7 million), representing a year-on-year decrease of 21.4%, which is primarily attributable to (i) new bank loan raised of RMB64.3 million (2024: RMB181.9 million); (ii) the Group has net repayment to non-controlling shareholders of subsidiaries of RMB134.2 million (2024: RMB75.1 million); (iii) repayment of bank loans of RMB3.0 million (2024: RMB283.4 million); (iv) advance from the Company's immediate holding company, Kanghua Group of RMB177.0 million during the year ended 31 December 2024 (nil for the Reporting Period); and (v) dividend paid of RMB48.6 million (2024: nil).

## Significant Investment, Acquisition and Disposal

### *Disposal of Equity Interest in Kangxin Hospital*

On 20 December 2024, the Board resolved to dispose of 55% equity interest of Kangxin Hospital to Silver Mountain or its affiliates. As the demerger of Kangxin Hospital (which was conducted under PRC laws, pursuant to which Chongqing Kanghua Property has been established to hold the land and buildings underlying the operations of Kangxin Hospital) was completed and the land and buildings were transferred to Chongqing Kanghua Property, Kangxin Hospital was in a condition ready for immediate sale. The assets and liabilities of Kangxin Hospital have been presented separately in the consolidated statement of financial position as at 31 December 2024.

On 9 January 2025, the Company entered into a sale and purchase agreement with an independent third-party, Beijing Pantheon Health Management Co., Ltd.\* (北京鉅頌健康管理有限公司) (“**Pantheon Health**”), a company established in the PRC and is under common control with Silver Mountain for the disposal of 55% equity interest in Kangxin Hospital at a consideration of RMB34.9 million. Details of the contractual arrangements are set out in the Company’s announcement dated 9 January 2025.

The disposal was completed on 8 February 2025. Kangxin Hospital has ceased to be a subsidiary of the Company and the financial results of Kangxin Hospital are no longer consolidated into those of the Company. Subsequent to the disposal, the Company has accounted for its remaining 45% equity interest in Kangxin Hospital as interest in an associate under equity method.

Furthermore, subsequent to the end of the Reporting Period, on 23 March 2026, the Company entered into an equity transfer agreement with Beijing Fazheng Industrial Group Co., Ltd.\* (北京法政實業集團有限公司) (the “**Purchaser**”) for the disposal of the Company’s remaining 45% equity interest in Kangxin Hospital at a consideration determined with reference to Kangxin Hospital’s revenue for the year ended 31 December 2025 and its outstanding operating liabilities as at 31 March 2026. Pursuant to the agreement, the Group shall waive the repayment obligations in respect of all loans due from Kangxin Hospital as at 31 March 2026. Nevertheless, the Group shall continue to lease its property to Kangxin Hospital under a new lease agreement on terms and conditions acceptable to the Purchaser. Upon the completion of the disposal, Kangxin Hospital will cease to be an associate of the Company and the financial results of Kangxin Hospital will no longer be accounted for under equity method in the consolidated financial statements of the Company.

### *Disposal of subsidiaries of Anhui Hualin*

During the Reporting Period, the Group entered into several sale and purchase agreements to dispose of its 100% equity interests in certain subsidiaries of Anhui Hualin for a total consideration of RMB270,000. The purpose of the disposal was to dispose of certain nonperforming rehabilitation related operating subsidiaries within the Anhui Hualin Group.

Save as disclosed in this announcement, the Group had no significant investment, acquisition or disposal during the Reporting Period.

### **Cash Management Activities**

As part of the Group's cash management, the Group has from time to time purchased investment products (structured bank deposits) issued by a reputable PRC commercial bank with terms ranging from 91 days to 191 days and investment funds to achieve higher interest income without interfering with business operations or capital expenditures. The investment products are not rated by any credit rating agency but is classified as low-risk by the issuing bank and may involve liquid listed securities. The Group carefully balances the risks and returns associated with the investment products when making the investment decisions. The senior management of the Group is closely involved in scrutinizing any decision of the Group to purchase investment products. Furthermore, the Group has also invested in investment fund and equity investment fund for the purpose of generating long-term investment returns. It has been the strategy of the Group to explore new potential investments projects and capital market investments in order to diversify business risk as well as broaden income source and spectrum of the Group and eventually maximizing shareholders' values. The Company considers that these investment funds involve scopes that covers quality capital market stocks and high value-added health industries which are in line with PRC's development trajectories in the healthcare and technology space which is highly relevant to the Group's core business. The Directors consider that, through appropriate market screening of investment projects by the funds, they will in the long term be a reasonable investment of the Company and certain of which, may facilitate the Group's entry into the relevant healthcare space and establishing strategic cooperation with relevant players in the market.

### **Capital Expenditure**

The Group regularly makes capital expenditures to expand its operations, maintain its medical facilities and improve its operating efficiency. Capital expenditure primarily consists of purchases of property, plant and equipment. The capital expenditure of the Group during the Reporting Period was RMB81.6 million (2024: RMB108.8 million). The Group has financed its capital expenditure mainly through cash flows generated from operating activities and bank loans.

### **USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING**

The Company's H shares were listed on the Stock Exchange on 8 November 2016. The Company's net proceeds from the initial public offering of its H shares amount to approximately RMB782.6 million (equivalent to approximately HK\$874.9 million) after deducting underwriting commissions and all related expenses. The net proceeds from the initial public offering have been and will be utilised in accordance with the purposes set out in the prospectus of the Company dated 27 October 2016 (the "**Prospectus**").

Up to 31 December 2025, of the net proceeds from the initial public offering, (i) RMB78.3 million, representing approximately 10% of the net proceeds, have been fully utilised and used as general working capital; (ii) RMB134.7 million, representing approximately 17.2% of the net proceeds, have been utilised and used on expansion of our current operations and upgrading our hospital's facilities; and (iii) RMB208.8 million, representing approximately 26.7% of the net proceeds, have been utilised and used for acquisition and potential acquisition of businesses. As at 31 December 2025, out of the balance of the unutilised net proceeds of RMB360.8 million, part of such proceeds have been used to purchase certain financial products (classified as financial assets at FVTPL) or placed in fixed bank deposits to achieve higher interest income and capital return without interfering with our business operations or capital expenditures to earn better return on our excess cash balance, and the remaining balance have been kept at the bank accounts of the Group (included in bank balances and cash). As at the date of this announcement, the Company does not anticipate any material change to its plan on the use of proceeds as stated in the Prospectus.

## **INDEBTEDNESS**

### **Bank Loans**

As at 31 December 2025, the Group had a secured bank loan of carrying amount of RMB77.4 million (2024: RMB74.4 million) and an unsecured bank loan of carrying amount of RMB213.0 million (2024: RMB154.7 million).

As at 31 December 2025, the Group had two bank loan facilities and details are as follows:

- (i) RMB330.0 million fixed asset facility agreement (固定資產貸款合同) with Bank of Dongguan Co., Ltd. and carries variable interest rate using five-year LPR (Loan Prime Rate) (貸款基礎利率) offered by the People's Bank of China plus 0.5%, at each drawn down date and adjusted annually. Loan principal can be drawn down up to 25 April 2026 with full repayment term of 15 years from each drawn down date. As at 31 December 2025, the carrying amount of this variable-rate secured bank loan amounted to RMB77.4 million (2024: RMB74.4 million). The main purpose of the loan is to finance payments for the construction development and fixed assets purchase of the Kanghua Qingxi Healthcare Complex (the Group's elderly medical and healthcare complex development in Qingxi Town, Dongguan City). The bank loan is secured with (i) financial guarantees provided by the Company and Mr. Wang Junyang, the chairman of the Group; and (ii) pledge of leasehold land held by a subsidiary of the Company with carrying amount of approximately RMB75.9 million as at 31 December 2025 (2024: RMB77.6 million).

- (ii) RMB299.0 million revolving credit facility agreement (循環額度貸款合同) with Bank of Dongguan Co., Ltd. and carries variable interest rate using one-year LPR (Loan Prime Rate) (貸款基礎利率) offered by the People’s Bank of China plus 0.85%, at each drawn down date and adjusted annually. Loan principal can be drawn down up to 29 May 2026 with full repayment term of 3 years from each drawn down date. As at 31 December 2025, the carrying amount of this variable-rate unsecured bank loan amounted to RMB213.0 million (2024: RMB154.7 million). The main purpose of the loan is to provide extra operating cash flow for Kanghua Hospital. The bank loan is unsecured with financial guarantees provided by the Company and Mr. Wang Junyang, the chairman of the Group.

In connection with the bank loan facility above, Mr. Wang Junyang, the chairman of the Group, provided guarantees and undertakings in favour of the relevant lender. The financial assistance provided by Mr. Wang Junyang is exempted from the connected transaction requirements under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) by virtue of Rule 14A.90.

#### **Amount Due to a Non-Controlling Shareholder of a Subsidiary**

As at 31 December 2025, the amount due to a non-controlling shareholder of a subsidiary was nil (2024: RMB134.3 million). In 2024, the Group completed the acquisition of 70% in Kanghua Haemodialysis Group, and as of the acquisition date, the Kanghua Haemodialysis Group had an amount due to the vendor, namely Dongguan YouWang Enterprise Investment Co., Ltd.\* (東莞市優旺實業投資有限公司) (the “**Vendor**”), representing a shareholder’s loan of approximately RMB203.8 million to Kanghua Haemodialysis. Pursuant to the acquisition agreement, the Vendor had agreed that it would not require repayment of such shareholder’s loan after completion and would continue to provide such shareholder’s loan for the benefit of the Kanghua Haemodialysis Group until Kanghua Haemodialysis has sufficient cash resources and the board of directors of the Kanghua Haemodialysis considers appropriate to repay such shareholder’s loan. In view of the loss-making position of Kanghua Haemodialysis Group, the Directors expects that financial assistance of up to RMB100 million within one year from the completion date may be required from the Group, which will primarily be used: (i) to support the ongoing operations of Kanghua Haemodialysis Group; (ii) for the capital expenditure of medical equipment and expansion plans (if any); and/or (iii) for the repayment of debt obligations of the Kanghua Haemodialysis Group as and when the board of directors of Kanghua Haemodialysis considers appropriate. The amount due to a non-controlling shareholder of a subsidiary was unsecured, non-interest bearing, and was fully repaid to the Vendor during the Reporting Period.

## **Contingent Liabilities**

The Group is subject to legal proceedings and claims in the ordinary course of business primarily arising from medical disputes brought by patients. Provision for medical disputes is made based on the status of potential and active claims outstanding as at the end of the relevant period, and primarily taking into account any judicial appraisal or court determination against the Group. As at 31 December 2025, the total stated claim amount of the Group's on-going medical disputes was RMB9.6 million and there were certain medical disputes without claim amount stated. Based on the Group's assessment, as at 31 December 2025, RMB5.1 million (2024: RMB2.9 million) had been provided and included in accounts and other payables and provisions of the Group. The cash outflow of remaining claim amount of RMB4.0 million (2024: RMB11.4 million) cannot be determined with sufficient reliability prior to judicial appraisals. Accordingly, no provision is made in this regard.

As at 31 December 2025, the Group had no contingent liabilities or guarantees that would have a material impact on the financial position or operation of the Group.

## **Pledge of Assets**

As at 31 December 2025, leasehold land (included in right-of-use assets) with net carrying amount of RMB75.9 million (2024: RMB77.6 million) had been pledged to secure a banking facility granted to the Group.

## **Capital Commitments**

The capital commitments of the Group were primarily attributable to construction costs relating to the expansion and renovation of the Group's medical facilities. As at 31 December 2025, the capital commitments in respect of property, plant and equipment contracted for but not provided in the consolidated financial statements were RMB118.2 million (2024: RMB153.7 million).

## **Financial Instruments**

The Group's financial instruments primarily consisted of accounts and other receivables, financial assets at FVTPL, fixed bank deposits, bank balances and cash, restricted bank balances, accounts and other payables, amounts due to non-controlling shareholder of a subsidiary, bank loans and lease liabilities. The management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

## **Exposure to fluctuation in Exchange rates**

The proceeds raised by the Company in its initial public offering of its H Shares is denominated in Hong Kong dollars. The Group deposits certain of its financial assets in Hong Kong dollars, and is mainly exposed to fluctuation in exchange rates of Hong Kong dollars against RMB. The Group is therefore exposed to foreign exchange risk.

The Group has not used any derivatives financial instruments to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should such need arise.

### **Gearing Ratio**

As at 31 December 2025, the Group's gearing ratio (total interest-bearing bank loans divided by total equity and multiplied by 100%) was 19.0% (2024: 15.7%).

### **EMPLOYEES, REMUNERATION POLICIES AND TRAINING SCHEMES**

The Group's comprehensive staff remuneration policy comprise basic salary determined with reference to the individual's position, seniority and length of service, performance bonus determined with reference to the metrics specific to the individual's job function and other benefits. The Group regularly benchmarks against available market data and adjusts its remuneration structure with a view to remaining competitive. As at 31 December 2025, the Group had a total of 3,728 (2024: 4,320) full-time staff. Total staff related costs for the Reporting Period (excluding directors' and supervisors' emoluments) amounted to approximately RMB628.0 million (2024: RMB686.6 million). The Group endeavours to ensure that the compensation level of its employees remains competitive and in line with market conditions and its employees are appropriately rewarded based on their performance within the general framework of the Group's salary and bonus system.

The Group provides structured training and education programmes to enable its staff to consistently deliver high quality services. These programmes aim to equip the staff with a sound foundation of the medical principles and knowledge as well as practical skills in their respective practice area and foster a high standard of practice, organisation capability and vigilant attitude. Regular internal and external mandatory trainings are organised for medical staff to keep them abreast of the latest development in healthcare. From time to time, the Group identifies and sponsors its staff with high development potential to undertake further studies and professional training in prestigious academic institutions and participate in industry conventions. Medical teams also benefit from the experience and knowledge exchange during seminars and sharing sessions regularly held. The Group encourages medical staff to apply for professional and technical qualifications and enrol in specialised training programmes and assessments from time to time, including induction training for new employees, development training for young and middle-aged core talent, medical service quality training and management training for young core talent, with a view to ensuring that their relevant professional competencies meet the required standards. Through various training and education programmes, the Group also aims to foster a proactive risk reporting culture among staff, which is important in the early detection of clinical failure and damage control.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES**

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Hong Kong Listing Rules as its own code of conduct regarding Directors’ and supervisors’ securities transactions. Having made specific enquiries of all Directors and supervisors, each of the Directors and supervisors has confirmed that he or she has complied with the required standards as set out in the Model Code during the Reporting Period.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has applied the principles of the Corporate Governance Code of Appendix C1 to the Hong Kong Listing Rules (the “**Corporate Governance Code**”) and adopted the code provisions set out in part 2 of the Corporate Governance Code as its own code to govern its corporate governance practices. The Company complied with all code provisions set out in the Corporate Governance Code during the Reporting Period.

## **EVENTS AFTER THE REPORTING PERIOD**

Subsequent to the end of the Reporting Period, the Group had the following significant events:

### **(a) New lease arrangements**

On 22 December 2025, the Group entered into new lease agreements (the “**2026 Lease Agreements**”) with the relevant lessors for a term of three years from 1 January 2026 to 31 December 2028. The 2026 Lease Agreements are subject to shareholders’ approval pursuant to the Hong Kong Listing Rules.

On 3 March 2026, an extraordinary general meeting of the Company was held and the 2026 Lease Agreements were approved by the shareholders of the Company. The Group expects to recognise addition of right-of-use assets and lease liabilities of approximately RMB257.3 million on its consolidated statement of financial position in 2026.

Details of the 2026 Lease Agreements are set out in the Company’s announcement dated 22 December 2025 and the Company’s circular dated 4 February 2026.

**(b) Disposal of interests in Kangxin Hospital**

On 23 March 2026, the Company entered into an equity transfer agreement with, Beijing Fazheng Industrial Group Co., Ltd.\* (北京法政實業集團有限公司) (the “**Purchaser**”) for the disposal of the Company's remaining 45% equity interest in Kangxin Hospital at a consideration determined with reference to Kangxin Hospital's revenue for the year ended 31 December 2025 and its outstanding operating liabilities as at 31 March 2026.

Pursuant to the agreement, the Group shall waive the repayment obligations in respect of all loans due from Kangxin Hospital as at 31 March 2026. Nevertheless, the Group shall continue to lease its property to Kangxin Hospital under a new lease agreement on terms and conditions acceptable to the Purchaser.

Upon completion, Kangxin Hospital will cease to be an associate of the Company and the financial results of Kangxin Hospital will no longer be accounted for under equity method in the consolidated financial statements of the Group. Details of the disposal are set out in the Company’s announcement dated 23 March 2026.

The Company is still in the progress of assessing the financial impacts for the disposal and the new lease agreement up to the date of this announcement.

As at the date of this announcement, save as disclosed above, the Group did not have any other significant event after the Reporting Period.

**FINAL DIVIDEND**

The Board recommended the payment of a final dividend of RMB16.0 cents in cash per Share (inclusive of applicable tax) for the year ended 31 December 2025, payable to Shareholders whose names appear on the register of members of the Company on Monday, 29 June 2026. The final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the “**AGM**”) to be held on Thursday, 18 June 2026. Subject to the aforesaid approval, the recommended final dividend for the year ended 31 December 2025 will be payable on or around Friday, 31 July 2026. The final dividend will be denominated and declared in RMB. Dividends on Domestic Shares will be paid in RMB and dividends on H Shares will be paid in Hong Kong dollars. The amount of Hong Kong dollars payable shall be calculated on the basis of the average closing exchange rates for Hong Kong dollars as announced by the Foreign Exchange Trading Centre of the PRC for one calendar week prior to the approval of the final dividend at the AGM.

## **ANNUAL GENERAL MEETING**

The Company will hold the annual general meeting (the “AGM”) at Meeting Room 1, 2nd Floor of Dongguan Kanghua Hospital Administration Center in 1000 Dongguan Avenue, Nancheng District, Dongguan, Guangdong Province, PRC at 3:00 p.m. on Thursday, 18 June 2026 for the Shareholders to consider, and if thought fit, approve the resolutions relating to, among others, (i) the 2025 Work Report of the Board; (ii) the 2025 Work Report of the Supervisory Committee; (iii) the 2025 Financial Reports; (iv) the annual report for 2025; (v) the 2025 final dividend; and (vi) the re-appointment of domestic auditor and international auditor of the Company for 2026 and authorise the Board to determine their respective remuneration. A special resolution will be proposed at the AGM approve the general mandate to issue Shares.

### **CLOSURE OF REGISTER OF MEMBERS OF H SHARES AND ASCERTAINING OF ELIGIBILITY FOR ATTENDING THE AGM**

The register of members of H Shares of the Company will be closed from Monday, 18 May 2026 to Thursday, 18 June 2026, both days inclusive, during which no transfer of H Shares will be registered. In order to qualify for attending the AGM and vote for all resolutions to be submitted thereat, all transfer instruments of the H Shares together with the relevant share certificates shall be lodged with the Company’s H Shares registrar, 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 Friday, 15 May 2026 for registration.

### **CLOSURE OF REGISTER OF MEMBERS OF H SHARES AND ASCERTAINING OF ELIGIBILITY FOR THE PROPOSED FINAL DIVIDEND**

The Board proposes a final dividend of RMB16.0 cents per Share (inclusive of applicable tax) for the year ended 31 December 2025. The dividend proposal will be submitted for consideration at the AGM. If such proposed dividend distribution is approved by the shareholders, the final dividend will be distributed to those Shareholders whose names appear on the register of members of the Company on Monday, 29 June 2026. The register of members of H Shares of the Company will be closed from Thursday, 25 June 2026 to Monday, 29 June 2026, both days inclusive, during which no transfer of H Shares will be registered. In order to qualify for the entitlement to the final dividend, all transfer instruments of the H Shares together with the relevant share certificates shall be lodged with the Company’s H Shares registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, before 4:30 p.m., on Wednesday, 24 June 2026 for registration.

## **REVIEW OF RESULTS ANNOUNCEMENT**

The Company's audit committee has reviewed the Group's annual results for the financial year ended 31 December 2025 and has opined that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made by the Company.

The Company's audit committee consists of three independent non-executive directors of the Company, Mr. Chan Sing Nun (the chairman of the audit committee), Mr. Lam Shiu Ling Cecilia and Dr. Chen Keji. Among them, Mr. Chan Sing Nun has the appropriate professional qualifications (a certified public accountant accredited by the Hong Kong Institute of Certified Public Accountants).

## **SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditors, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.kanghuagp.com](http://www.kanghuagp.com)). The 2025 annual report of the Company containing all the information required by the Hong Kong Listing Rules will be dispatched (if necessary) to the shareholders and made available on the above websites in due course.

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the management team and staff of the Group for their contribution and also to extend my sincere gratitude to all our shareholders and business partners for their continuous support.

By order of the Board  
**Guangdong Kanghua Healthcare Group Co., Ltd.\***  
**WANG Junyang**  
*Chairman*

Hong Kong  
31 March 2026

As at the date of this announcement, the Board comprises:

*Executive Directors:*

Mr. Wang Junyang (*Chairman*)  
Mr. Chen Wangzhi (*Chief executive officer*)  
Mr. Wong Wai Hung (*Vice chairman*)  
Ms. Wang Aiqin

*Independent non-executive Directors:*

Dr. Chen Keji  
Ms. Lam Shiu Ling Cecilia  
Mr. Chan Sing Nun

*Non-executive Director:*

Mr. Jiang Xiwen

*This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond control of the Group. These forward-looking statements may prove to be incorrect and may not be realized in the future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved. Furthermore, this announcement also contains statements based on the Group's management accounts, which have not been audited or reviewed by the Group's auditor. Shareholders and potential investors should therefore not place undue reliance on such statements.*

\* English translated name for identification purpose only.