溫州康寧醫院股份有限公司

Wenzhou Kangning Hospital Co., Ltd.

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

Stock code: 2120

2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



1 About the Report

Wenzhou Kangning Hospital Co., Ltd. ("**Wenzhou Kangning**" or the "**Company**") and its subsidiaries (together the "**Group**" or "**we**") are pleased to announce the Environmental, Social and Governance ("**ESG**") Report for the Year, which aims to summarize the Group's initiatives and performance in sustainability and social responsibilities and report to all of the significant stakeholders on the Group's practices and accomplishments in ESG during the Year.

1.1 Reporting Standards

The Report is prepared in compliance with the Environmental, Social and Governance Reporting Code (《環境、社會及管治報告守則》) (hereinafter referred to as the "**Code**") set out in Appendix C2 to the Rules Governing the Listing of Securities《(證券上市規則》) on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Report complies with all "comply or explain" provisions as set out in the Code, the content of which conforms to the reporting principles regarding "Materiality", "Quantitative", "Balance" and "Consistency" contained in the Code. Readers may refer to Appendix II: Hong Kong Stock Exchange ESG Reporting Code Index of the Report for a quick search.

The Report has followed the reporting principles in the ESG Reporting Code during the preparation process, including:

- Materiality: We have identified and disclosed the process and criteria for material ESG issues in our Report. We have also identified and disclosed the results of significant stakeholder engagement in our ESG Report, and have made targeted disclosures in the Report. The management has confirmed the applicability of materiality assessment to the current year.

- Quantitative: The Group has disclosed the statistical standards, methods, calculation tools, and sources of conversion factors for all information in the Report.

- Balance: The Report presents an impartial description of the Group's performance during the Reporting Period to avoid the choices, omissions, or presentation formats that may unduly impact the decisions or judgments made by its readers.

- Consistency: Unless otherwise indicated, the statistical methods and standards for data disclosed in the Report are consistent with those in previous years. If any changes may affect the comparison with previous reports, we will make a clear explanation.

1 About the Report

1.2 Reporting Scope

The Report presents the Group's overall performance regarding sustainable development from 1 January 2025 to 31 December 2025 (hereinafter referred to as the "**Year**" or the "**Reporting Period**"). Unless otherwise stated, the Report covers healthcare business directly controlled by the Group, including Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd., and Pingyang Changgeng Yining Hospital Company Limited. The scope of social key performance indicators covers the whole group. Please refer to the Corporate Governance Report section in the annual report or the Group's official website (http://www.knhosp.cn) for detailed information about the corporate governance of the Group.

1.3 Reporting Language

The Report is released electronically in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

1.4 Approval of the Report

The Report passed the internal review procedures of the Group and was approved by the Board of Directors on 23 March 2026.

1.5 Release of the Report

A soft copy of the ESG Report is published on "Information Disclosure" under "Investor Relations" of the Company's official website (http://www.knhosp.cn) and the HKEx news of the Stock Exchange (www.hkexnews.hk).

1.6 Feedback on the Report

Your opinions on the Report will be highly valued. Please contact us via email (email address: ir@knhosp.cn) for any inquiries or suggestions on the Report or the ESG issues of the Group.

2 About the Group

The Group is a large-scale private medical group mainly engaged in psychiatric and psychological services. Currently, the Group operates 41 branches. We offer a range of specialties and subspecialties, including General Psychiatry, Psychiatric Rehabilitation, Geriatric Psychiatry, Behavioral Medicine (Addiction Medicine), Clinical Psychology, Sleep Medicine, Depression Diagnostic and Treatment Center, Psychosomatic Disorders, Center for Child and Adolescent Mental Health Services, Brain Function Testing and Treatment Center. Among them, Clinical Psychology and Behavioral Medicine are characteristic disciplines of non-public medical institutions in Zhejiang Province. The hospital has established a comprehensive clinical psychological and social psychological service system, forming a child and adolescent psychological service system from outpatient clinics to daytime management to wards, and even back to their families and schools. We have built a social psychological service network that covers party and government organizations, communities and schools throughout the city. The Group is actively involved in public welfare and charity undertakings, having established social psychological service centers such as "Xinfu Workshop" to provide employee assistance programs (EAP), team mental health counseling for enterprises and public institutions, psychological crisis intervention and other services. We have independently developed a mobile intelligent mental health platform - "Xinqing Station" to provide borderless mental health services to the whole society.

Apart from psychosis, we have been expanding the elderly medical sector. We have established six specialized geriatric hospitals, including Wenzhou Yining Geriatric Hospital, Wenzhou Cining Hospital and Ouhai Yining Elderly Hospital, and are constructing high-end geriatric health and pension complexes, such as Longwan Yixin Medical Service and Health Care Center and Qidu International Health & Pension Center. We have also introduced innovative nursing models for the elderly, developed diagnosis and treatment services for common geriatric illnesses and chronological diseases, taking care of the elderly.

By integrating the advantageous professional resources of Wenzhou Medical University (溫州醫科大學) and its affiliated hospitals and innovating the industry-university-research model of psychiatry, the Group and Wenzhou Medical University jointly established the Psychiatry School of Wenzhou Medical University (溫州醫科大學精神醫學學院). The Psychiatry School of Wenzhou Medical University offers two undergraduate majors: Psychiatry and Applied Psychology, both of which have been selected as a national "Double-First-Class" professional construction unit, it has established a multi-level and complete system for cultivating mental health talents, encompassing full-time undergraduate programs, combined bachelor's and master's degree programs, master's and doctoral programs, and Sino-foreign joint programs.

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

2 About the Group

Group vision, mission and values

"Respecting Life and Serving Humbly" is our value. We advocate the equality and preciousness of life, and we respect the uniqueness and sacredness of life as the supreme value. Blessing is the awe that is deeply rooted in the heart, the respect for life within. Humility is a form of love, a conscious word and deed that is externalized from action and protects life.

Our vision is to be the professional guardians of mental health. We are committed to becoming an outstanding leader in the field of mental health, with our professional knowledge and skills, dedicated to protecting the mental health of the people and escorting the development of a harmonious society.

It is our mission to provide dignified medical care to patients with mental disorders. It is not only the value of our existence to provide dignified medical care to patients with mental disorders, but also our responsibility and obligation. We will continue to be patient-centered and provide high-level medical care that reflects human dignity, professionalism, and humanity, so that each patient can feel respect and care.

The following are the awards and honors received by the Group during the Reporting Period:

Award and honor	Awarding authority
Advanced Unit	Wenzhou Municipal Association of Senior Health Science and Technology Workers
Excellent Enterprise in the Research of Large-scale Private Enterprises	Zhejiang Federation of Industry and Commerce
2024 Advanced Unit of Militia Works	People's Armed Forces Department of Shuangyu Street, Lucheng District
2024 "Love Wenzhou – Charity and Medical Assistance" Program Advanced Group	Wenzhou Charity Federation
Special Food Clinical Application Demonstration Base of China Nutrition and Health Food Association	China Nutrition and Health Food Association
Advanced Unit in Party Building	SDIC Chuangyi Industry Fund Management Co., Ltd.
Member of the Wenzhou Collaborative Innovation Center of National Center for Infectious Disease	National Center for Infectious Disease Health Commission of Wenzhou
Pioneer Worker in Zhejiang Province	Zhejiang Provincial Federation of Trade Unions
2024 Top 50 Excellent Private Medical Institutions of the Best Brand Communication Medical Institutions	dxy.cn (丁香園) and y.dxy.cn (醫院匯)
2024 Top 100 Private Enterprises in Wenzhou	Wenzhou Private Economy Development Promotion Bureau Wenzhou General Chamber of Commerce
2024 Enterprises with Outstanding Contributions	Lucheng District People's Government of Wenzhou City

3 Chairman's Statement

Dear stakeholders,

In 2025, the medical industry is in a period of interweaving between policy deepening and demand upgrading: accelerated reform of medical insurance payment, intensified regional competition, and industrial restructuring and differentiation; at the same time, demographic changes and rising health awareness will promote diversified, quality-oriented and tiered growth of mental health and geriatric medical needs. In the face of the changes, the Group adhered to the original intention of medical practitioners, focused on two main businesses, strengthened its resilience through refined management and service innovation, and built Kangning's characteristic competitiveness, aiming to move forward steadily.

We are committed to integrating social responsibility into the core of our business and driving the development of the medical service industry through sustainable practices. The Company pays attention to the comprehensive impact of its business activities on the environment and society, and always places equal emphasis on patient safety and employee as well as environmental protection. The Company identifies material ESG issues through multi-party communication and formulates countermeasures accordingly. While expanding our business steadily, we strive to give back to the society in a sustainable manner, enhance the well-being of our employees, and promote the long-term development of the industry together with our stakeholders. In terms of environment and operation management, the Company strictly complies with relevant laws and regulations, and proactively carries out energy conservation and emission reduction and energy efficiency optimization work; the disposal of medical waste is handled by qualified third-party agencies to ensure compliance and safe disposal; and the green operation principles are systematically incorporated into daily management and processes to promote low carbon and environmental protection practices. In addition, we attach great importance to environmental education for all employees, and enhance employees' awareness of environmental protection through training and publicity, so that the green concept can be embedded in all aspects of diagnosis and treatment and management, thus demonstrating the Group's firm commitment to healthcare sustainability and social responsibility.

In terms of talent and technological innovation, during the Year, Wenzhou Kangning deepened its industry-university-research cooperation and conducted project collaborations with a number of universities and experts in the field to promote clinical and technological innovation. The Group introduced high-end talents in the fields of healthcare and innovation around the globe. The hospital established overseas academician workstations and post-doctoral workstations and promoted international cooperation with academician teams from Canada and the United Kingdom in the fields of brain rehabilitation, clinical application of AI in psychiatry and training of high-level psychiatric talent. We are committed to building a team of experts with strong academic strength, rich practical experience and international influence. We believe that long-term sustainable development of medical industry is only attainable by the effort of talent and technology advancement. At the same time, national policies (such as the deployment of the General Office of the State Council on the coordinated development of medical insurance, healthcare and pharmaceuticals) have created a favorable environment for high-quality development of the industry, emphasizing enhancing people's sense of fulfillment, well-being and security, and encouraging social forces to participate in elderly care services and the integration of medical care and elderly care. The Group actively responds to these policies, explores the path of synergetic development with social forces, promotes service models such as mutual assistance services for the elderly and the integration of medical care and elderly care, and strives to provide the society with better and more sustainable medical and health services under the dual promotion of policies and the market.

3 Chairman's Statement

The Group is committed to becoming a practitioner who pursues for a "Healthier China". We will adhere to the concept of "solidifying the foundation and innovation, and moving forward with faith" and focus on our two core businesses, namely, mental health care and geriatric care, with firmer confidence and pragmatic measures. We will strengthen our refined operation and management model, continue to adapt to the new paradigm and innovate on Kangning's characteristic service model, always adhering to the core value of "Respecting Life and Serving Humbly," and committing to providing patients with higher quality, more efficient, and accessible professional medical services.

GUAN Weili
Chairman
Zhejiang, the People's Republic of China ("PRC")
April 2026

4 Sustainability Blueprint and Governance Practices

The Group adheres to the bottom line of integrity and compliance, actively serves the community, and earnestly fulfills its social responsibilities and public mission as a medical institution. We incorporate sustainable development into the whole process and all scenarios of our business operations, covering the cultivation of medical care talent pipelines, optimization of diagnosis and treatment service model, compliant disposal of medical waste, green and low-carbon operation, responsible medical supply chain management, and community participation and public welfare practice and other key areas. With sustainable development as the core strategy of operation and governance, we will continue to optimize ESG management and performance, create measurable and sustainable long-term value for all stakeholders by taking into account long-term resilience, and strive to form a positive impact at the social level.

4.1 Statement of the Board of Directors

We regard sustainable development as the core driving force for corporate development. The Board of Directors continues to play a strategic decision-making and coordination role, and is committed to deeply integrating ESG concepts into corporate operations and management. The Group is continuously optimizing its ESG management system to effectively cope with the increasingly complex sustainability challenges.

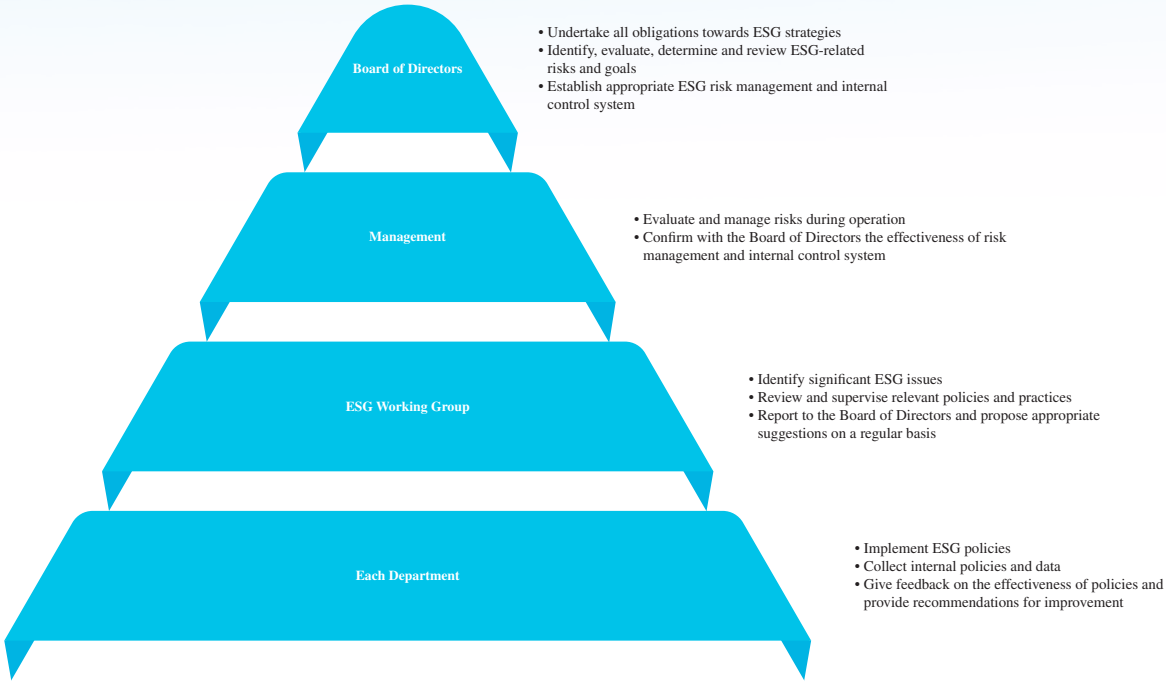
As the highest decision-making level, the Board of Directors is responsible for formulating and overseeing the strategic direction of ESG, reviewing and approving the ESG management policies, and focusing on key ESG issues. In order to ensure the effective promotion of ESG work, the Board of Directors has established an ESG Working Group to coordinate and promote the implementation of relevant matters, and regularly review the progress of ESG practices on an annual basis to ensure the steady realization of ESG strategy.

During the Year, we reviewed and assessed the fulfillment of our environmental targets and formulated feasible improvement measures based on the assessment results. Going forward, we will continue to track the progress of each of our ESG targets and deepen the application of ESG concepts to our business processes. Through these efforts, we are committed to promoting the synergetic progress of business and society and providing a solid guarantee for long-term value creation.

4.2 ESG Structure

We are committed to promoting the implementation of ESG strategy by improving our governance structure. To this end, we have issued the Notice Concerning the Establishment of the Environmental, Social and Governance Working Group (《關於成立環境、社會及管治專責小組的通知》) and set up an ESG Working Group composed of executive directors, general manager, and representatives from various functional departments. The establishment of the Working Group bridges the communication gap between the Board of Directors, management, and different departments, and builds a whole-process ESG management system that covers overall monitoring, evaluation, implementation and review. We believe that establishing a sound ESG framework will help systematically advance ESG work and effectively support enterprises in fulfilling their environmental and social responsibilities.

4 Sustainability Blueprint and Governance Practices



ESG Governance Structure

4.3 Communication with Stakeholders

We understand that the voice of our stakeholders is essential in the Group's sustainable development process. The Group attaches great importance to the opinions and support of various stakeholders, and always maintains an open and transparent attitude and actively communicates with our stakeholders. We take suggestions and feedback from stakeholders seriously and incorporate them into the consideration of sustainable development strategies and decision-making in order to optimize ESG management.

4 Sustainability Blueprint and Governance Practices

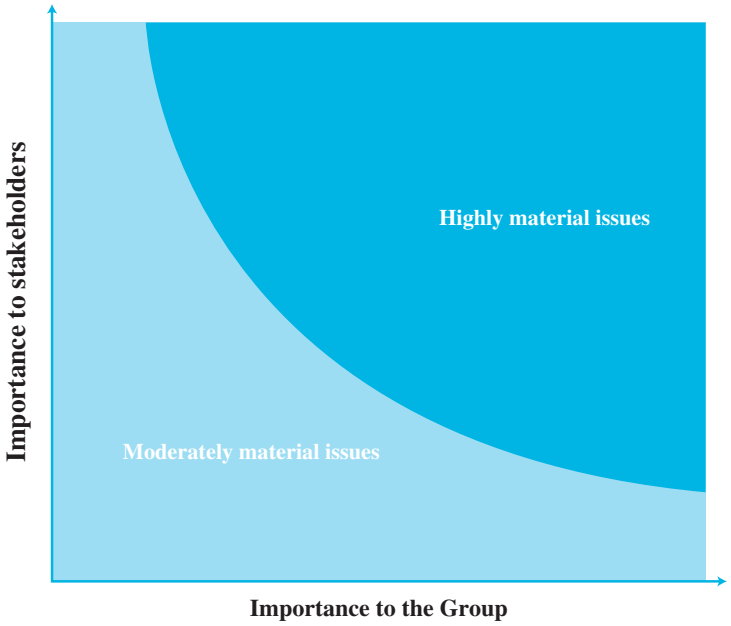
Stakeholders	Communication channels	Issues concerning ESG
Patients and their families	• Daily operation/communication • Service center • Consultation group • Satisfaction survey and feedback form • Telephone	• Customer service quality • Improving the management system of complaints and disputes • Privacy and information safety • Quality medical services • Satisfying the needs of patients
Employees	• Performance appraisal • Employee intranet • Employee communication meeting • Group discussion/meeting • Special consultative committee/panel discussion groups • Volunteer activities	• Talent incentives • Employee development and trainings • Employees' remunerations and benefits • Employee diversity and equality • Employees occupational health and safety
Shareholders/investors	• Results announcement/corporate communications • Meetings • Interim and annual reports • Shareholders' site visits	• Investment returns • Compliance operation • Technologies and innovations
Government and regulatory authorities	• Meetings • On-site investigation • Compliance report	• Implementation of energy conservation and emission reduction • Contribution to community • Medical accessibility/inclusiveness
Counterparties/business partners	• Strategic cooperation projects • Lectures/seminars/workshops • Meetings • Reports • Visits	• Facilitation of industry development • Exchange of industrial experiences
Suppliers	• Supplier management procedures/ assessment system	• Sustainable supply chain management • Win-win cooperation with suppliers • Green procurement • Fair and open procurement
Media	• Results announcement • Press conference/press release • Interviews with the senior management	• Protection of ecological environment • Information disclosures • Responsible marketing
Communities/non-government groups	• Community investment plans • Community activities • Donations	• Contribution to community • Implementation of energy conservation and emission reduction • Medical accessibility/inclusiveness

4 Sustainability Blueprint and Governance Practices

4.4 Materiality Assessment

In the process of continuous improvement of our ESG management, the Group always attaches great importance to the assessment and disclosure of relevant issues. Making reference to the disclosure obligations in the Code and the Materiality Finder of the Sustainability Accounting Standards Board (SASB), etc., combined with its own business operations and the best practices of the industry, the Group assesses the impact of ESG-related issues on the Group and its stakeholders. In 2025, the Group conducted a comprehensive review of ESG issues and the results of the materiality assessment. As there were no significant changes in the Group's business and operating environment during the Year, both the ESG Working Group and the management confirmed that the results of the assessment of ESG issues in previous years were still applicable to the Year.

The Group identified a total of 35 ESG-related issues, comprising 22 high material issues and 13 moderately material issues. These issues are disclosed with equal emphasis in the Report, and serve as important references in formulating the ESG approach and strategy. The materiality assessment process ensures that our decision-making on sustainable development is more scientific and targeted.



4 Sustainability Blueprint and Governance Practices

Highly material issues	Moderately material issues
• Climate change • Effective utilization of resources • Up-to-standard discharge of wastewater and measures for emission reduction • Establishing and improving medical waste management procedures • Formulation of guidelines and objectives for environmental protection • Provision of competitive remuneration, benefits, and promotion channels • Setting up the School of Mental Health in cooperation with Wenzhou Medical University to cultivate medical talents • Employment in compliance with laws and regulations • Employment relationship • Provision of training and skill enhancement courses for employees • Safe working environment • Attention to employees' safety and health • Establishment of a sound medical quality management system • Safeguarding customers' legal rights and interests • Safeguarding customers' privacy • Establishment of an effective mechanism for handling customer complaints • Emergency management • Strict implementation of admittance and review standards for suppliers • Respecting and protecting intellectual property rights • Allocating more resources to support the development of neighboring communities • Promoting health education • Inclusive medical health services	• Up-to-standard discharge of emission and measures for emission reduction • Greenhouse gas emission reduction • Energy consumption • Utilization of water resources • Employee equality and diversity • Promotion of investment activities for the advancement of the medical undertaking • Formulation of policies and systems for preventing bribery, extortion, fraud, and money laundering • Service compliance • Business ethics • Enhancing sustainable operation capability • Economic performance • Engagement in public charity and volunteer activities • Corporate image

5 Compliance and high-quality Operation

We consider compliance operation the foundation of high-quality medical services. Through rigorous governance mechanisms, we enhance the service quality of our medical institutions, providing patients with safe and reliable medical care. We always maintain a humble and respectful attitude, firmly fulfil our medical commitments, and effectively safeguard the rights and interests of patients and their families. Our Group actively supports medical staff in participating in continuous learning and professional training to constantly improve their clinical skills and service levels, meeting the public's demand for high-quality health services. We are committed to building a compliant and professional medical service environment, continuously improving health and social well-being of patients.

5.1 Service Quality Management and Improvement

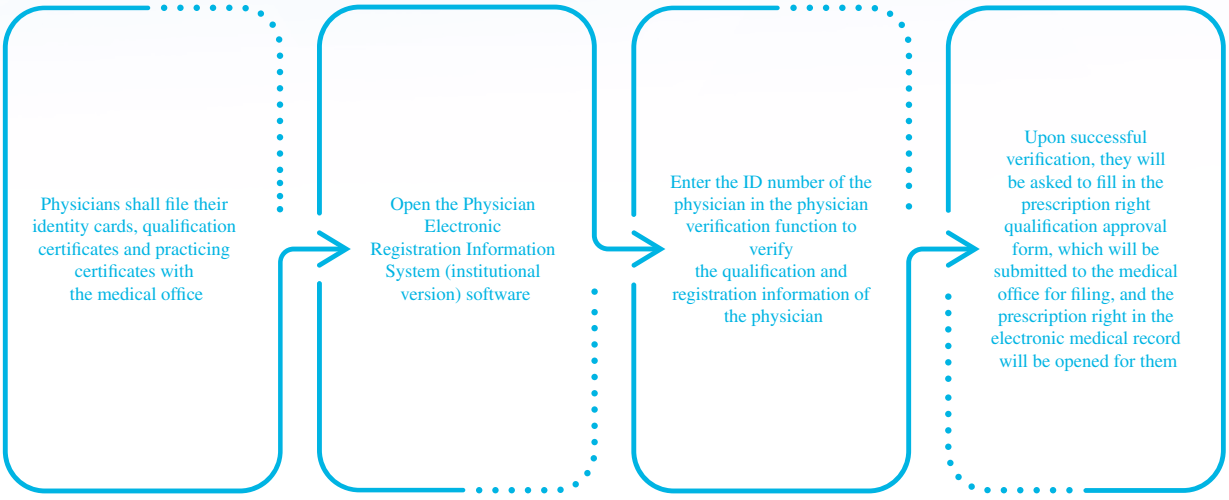
We are determined to become an outstanding leader in the field of mental health. With professional knowledge and skills, we will wholeheartedly safeguard the mental health of the public and escort the development of a harmonious society. Therefore, we attach great importance to and continuously improve the quality and safety of medical services. We continued to carry out supervision and management of all our medical institutions in strict compliance with the Mental Health Law of the PRC (《中華人民共和國精神衛生法》), the Regulation on the Administration of Medical Institutions (《醫療機構管理條例》), the Detailed Rules for the Implementation of the Regulation on the Administration of Medical Institutions (《醫療機構管理條例實施細則》), the Regulation on Responses to Public Health Emergencies (《突發公共衛生事件應急條例》), the Regulation on the Handling of Medical Accidents (《醫療事故處理條例》), the Regulation on the Prevention and Handling of Medical Disputes (《醫療糾紛預防和處理條例》) and other laws and regulations relating to healthcare services. We only hire medical personnel with valid practicing qualifications to ensure that they are competent to provide professional medical services. All medical personnel are required to comply with the relevant code of professional ethics to protect patients' rights and provide quality medical services. We are committed to building a safe and credible medical service system to provide continuous protection for patients' health and social well-being.

Medical staff team building and management

We deeply understand that professional medical staff are the foundation for ensuring high-quality medical services. We always place the health and safety of patients at the core of our operations, ensuring that certified medical professionals provide high-quality nursing services at the medical institutions under the Group. In accordance with the hospital assessment standards and the relevant provisions of the Medical Quality Management Measures (《醫療質量管理辦法》) of the National Health and Family Planning Commission, we have established a Medical Quality and Safety Management Committee (the "Committee"), which is responsible for the management and supervision of medical quality and safety. The Committee also has formulated quantitative standards and scoring criteria for the entire process of medical quality and safety, and integrated them with the clinical departmental target accountability system to ensure the effective implementation of quality control measures. The Committee holds a wrap-up meeting at the end of each year to continuously improve the "patient-centered" service concept and ensure the provision of medical care that reflects human dignity, professional competence, humanity, and a high level of quality, so that every patient can feel respected and cared for.

To ensure the quality and safety of our medical services, we improve the professionalism and service capability of our medical staff through a systematic supervision and assessment mechanism. We have formulated individualized assessment rules for medical staff in different professional positions, and conducted regular supervision and assessment. The Clinical Department Physician Behavioral Assessment (《科室醫生行為考核》) evaluates the medical safety, medical quality, and system implementation of clinical doctors; the Work Quality Assessment Rules (《工作質量考核細則》) focuses the work attitude, professional quality, and academic level of medical staff. We have formulated the Implementation Rules for the Management of Regular Assessment of Physicians (《醫師定期考核管理實施細則》), stipulating the process for verification and approval of physicians' qualification information, to ensure that doctors' practicing qualifications and rights of prescribing are always valid. We are committed to maintaining high standards of medical service quality, providing patients with safe and professional health protection, and contributing to the continuous improvement of social health and well-being.

5 Compliance and high-quality Operation



Process for Verification and Approval of Physicians' Qualification Information

Complaint and communication

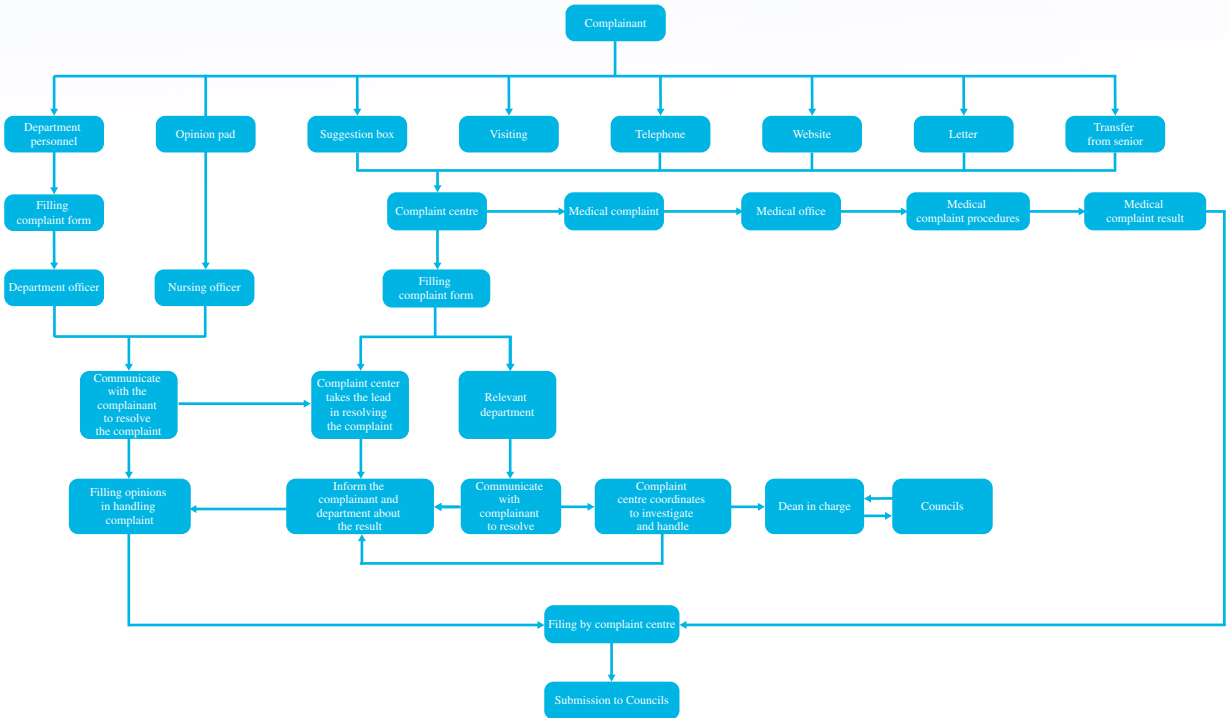
We prioritize communication with our patients and their families in our daily management and promote open and transparent communication mechanism. We have promised to listen sincerely to customers and respond to complaints in a timely manner, while taking appropriate remedial or corrective measures when necessary. By handling all kinds of complaints fairly and impartially, we aim to safeguard the legitimate rights and interests of all parties and create a harmonious and transparent medical environment. Furthermore, we use the complaints and feedbacks from patients as a basis for improvement, helping us continuously improve our service quality and operational efficiency to better meet the needs of our patients.

5 Compliance and high-quality Operation

In order to provide an open channel for patients or their families and the public to vent their negative feelings towards our hospitals, and to listen to and deal with patients' complaints and suggestions in a timely manner, the Complaint Office of the Group has formulated the Complaint Management System (《投訴管理制度》) with an aim to coordinate and resolve the complaints from complainants (including patients and their families) about the medical and nursing services, environmental measures and work practices of the hospital. The first inquiry accountability system is implemented for the acceptance of complaints. The staff receives each complainant, verifies the relevant information, fills in the Hospital Complaint Registration Form (《醫院投訴登記表》) truthfully, records the case reported by the complainant truthfully, and has it confirmed by the complainant. After receiving complaints from the Complaints Office, departments and personnel handling complaints will be responsible for investigation and verification with facts as the basis, and laws and regulations as the guidelines, handle complaints fairly, protect the legitimate rights and interests of both parties. The handling of general complaints does not exceed 3 working days. For more complex complaints that need to be investigated and verified, the handling information or handling feedback will generally be reported to the complainant within 5 working days. For complaints involving multiple clinical departments, it is necessary to organize and coordinate relevant departments to jointly study the cases, and provide feedback to the complainants within 10 working days. Feedback is provided in forms such as phone calls, letters, or visits to ensure timely and effective communication.

We place communication with patients and their families at the core of improving the healthcare experience, and our continuously optimized communication mechanisms accurately respond to their expectations and needs. Every month, our Outpatient Department and Care Unit systematically collect statistics on satisfaction rates, complaints and feedbacks through outpatient satisfaction questionnaires and telephone surveys, report the survey results at the weekly meeting of the hospitals, and complete the Report on the Investigation and Rectification of Patient Satisfaction (《患者滿意度調查整改報告》). Furthermore, the hospital office summarizes and analyzes the quarterly survey data to form a meticulous analysis report, which is announced at the service quality management team meeting at the end of each quarter. The meeting focus on reviewing the satisfaction of the previous quarter, in-depth analysis of the common problems and repeated complaints found in the survey, formulate improvement measures, and timely track the implementation of various unresolved problems. Through this communication and feedback process in which these elements are closely linked, we are committed to improving healthcare service quality, thereby ensuring accurate respond to diverse expectations of patients and their relatives. We have been interpreting the Group's core value of "Respecting Life and Serving Humbly" through our actions, providing a solid guarantee for building a well-being and trust relationship with patients.

5 Compliance and high-quality Operation



Process for Complaint Handling

During the Reporting Period, the Group received 29 complaints, 28 of which have been properly handled. In the future, we will continue to improve our service system, optimize hospital service processes, strengthen patient communication, and strive to provide a more professional and comfortable medical experience.

5.2 Data and Privacy Protection

We deeply recognize that, given the increasing concern on information security, information security and privacy protection play a crucial role in medical services. In our daily business operations, we employ rigorous management mechanisms to ensure the security and confidentiality of patient and medical information, to ensure its security and confidentiality. We strictly comply with laws and regulations including the Guarding State Secrets Law of the People's Republic of China (《中華人民共和國保守國家秘密法》), the Regulation on the Implementation of the Guarding State Secrets Law of the People's Republic of China (《中華人民共和國保守國家秘密法實施條例》) and the Regulations on the Protection of Computer Software of the People's Republic of China (《中華人民共和國計算機軟件保護條例》). To further strengthen information security management, we have developed a number of internal systems and policies, including the Rules for Safety Management Work of Information Technology Department (《信息技術部安全管理工作制度》), the Hierarchical Management System for System Operation Authority (《系統操作權限分級管理制度》), the Software Legalization Management System (《軟件正版化管理制度》), the Data Extraction System (《數據提取制度》) and the Security and Confidentiality System for Electronic Medical Records (《電子病歷信息安全保密制度》). Such policies are designed to standardize the control over the operation authority of the application system, the control over user authority, the control over server operation authority and the control over database operation authority, so as to comprehensively upgrade information security management and ensure the security and privacy of patient information are effectively protected.

5 Compliance and high-quality Operation

In the context of rapid development of information technology, the importance of information security is becoming more and more prominent. We incorporate information security management into our daily work and make continuous improvement measures. This not only demonstrates our responsibility to our patients, but is also an important part of our high standards of service. In order to strengthen the security of the electronic medical record information system and the protection of patient privacy, we have formulated the Security and Confidentiality System for Electronic Medical Records (《電子病歷信息安全保密制度》). Currently, the Group has achieved real-time uploading and automatic backup of information to cloud computing centers and third-party storage centers. This system is to ensure the efficient sharing of data resources and maintain data security under strict permission control. Through these proactive measures, we aim to provide a safe and reliable medical service experience for our patients and enhance patient trust and the robustness of the medical system.

We place great importance on information security management, protecting patient privacy and data security through rigorous system design to support the stable operation of medical services. The Information Engineering Department has formulated the Data Extraction System (《數據提取制度》) to standardize data extraction and approval processes and ensure systematic, standardized, and process-oriented management, to safeguard the security of information systems and the privacy of our patients. Retrieval of statistical data due to work inquiries must be requested by relevant departments. After the Information Engineering Office determines whether the data can be exported as required, the request will be submitted through the WeCom (企業微信) to the cloud along with a Data Extraction Application Form (《數據提取申請單》) for approval. It shall go through the approval of the head of relevant clinical department and then the division head before modifying the data by Information Engineering Department for retrieval. The Group shall review the applicability and rationality of the Data Extraction System (《數據提取制度》) annually to ensure continuous optimization of the system.

Furthermore, we have formulated the Rules for Protecting Patients' Privacy (《患者隱私保護制度》), the Notification Rules for Patients' Informed Consent (《患者知情同意告知制度》), the Implementing Rules for Medical Notification System (《醫療告知制度實施細則》), the Protective Medical Rules and Rules for Protecting Patients' Privacy (《保護性醫療制度和保護病人隱私制度》) and the Rules for Protecting Patients' Privacy, Respecting Patients' National Customs and Religious Beliefs (《保護患者隱私、尊重患者民族風俗和宗教信仰制度》). These rules limit the use and disclosure of patient-related data, and at the same time clarifies how to properly handle and manage patient privacy during procedures such as treatment and examination. These measures aim to provide a safe and respectful healthcare environment for patients and enhance their trust and satisfaction. Through the aforementioned information security measures, we are committed to building a patient-centered medical service system, providing solid support for patient well-being and the quality of medical services.

We highly value the compliance and authenticity of information disclosure. The Group strictly complies with laws and regulations, such as the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Rules for Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) and the Regulation of the People's Republic of China on the Customs Protection of Intellectual Property Rights (《中華人民共和國知識產權海關保護條例》). We do not tolerate the dissemination of any false or misleading information. We strictly control every detail of information disclosure to ensure that everything provided to the public is true and accurate. We are dedicated to maintaining transparent and credible communication channels, providing a solid guarantee for the trust of patients and stakeholders.

5.3 Intellectual Property Right Management

We deeply understand the significance of intellectual property right protection and scientific innovation to the development of medical services and scientific research, and promote the protection and application of innovation achievements through standardized management. We also attach great importance to the joint maintenance of intellectual property rights, including patents, trademarks, and copyrights, with our external partners. As such, the Group strictly complies with laws and regulations including, the Patent Law of the Peoples Republic of China (《中華人民共和國專利法》), the Rules for Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) and the Regulation of the People's Republic of China on the Customs Protection of Intellectual Property Rights (《中華人民共和國知識產權海關保護條例》).

5 Compliance and high-quality Operation

In order to safeguard the legitimate rights and interests of our hospitals and promote the prosperity and development of medical care, teaching and scientific research, we have formulated the Hospital Intellectual Property Right Management System (《醫院知識產權管理制度》). In addition, we have set up a key discipline establishment management leading group to focus on the establishment of key disciplines and key support disciplines, and have systematically summarized approval of scientific research projects to promote the transformation of scientific research achievements into applications. To ensure the quality of scientific research projects, the Group have set up a scientific research project review team to make suggestions on scientific research plans and the project topic selection and conduct regular assessment on scientific research status before initiating a project. During the Reporting Period, the Group initiated a total of 5 scientific research projects, obtained 1 new patent authorization, bringing the total number of registered patents to 11. We will continue to foster an innovation-driven medical research environment to provide solid support for patient health and industry progress.

Case: Three projects of Wenzhou Kangning were selected into the provincial-level "Jianbing Lingyan + X" Program (「尖兵領雁+X」計劃)

In December 2025, Department of Science and Technology of Zhejiang Province announced the list of projects approved for the 2026 "Jianbing Lingyan + X" Science and Technology Program. Three projects from Kangning Hospital, an affiliated hospital of Wenzhou Medical University were successfully selected, including two leading projects and one participating project, covering two directions: key core technology research and applied basic research.

List of projects approved for the 2026 "Jianbing Lingyan + X" Science and Technology Program		
Two leading projects		
"Lingyan" projects		
No.	**Project name**	**Project undertaking unit**
263	A double-cohort study on the pathogenesis and early accurate assessment and intervention of Alzheimer's disease (基於雙隊列的阿爾茨海默病發病機制與早期精準評估與干預研究)	Wenzhou Kangning Hospital Co., Ltd.
272	Research and development of AI diagnostic model for visual and cognitive impairment in schizophrenia and new technology for Optomagnetic therapy (精神分裂症視覺認知損害 AI 診斷模型和光磁聯合治療新技術研發)	Wenzhou Kangning Hospital Co., Ltd.
One participating project		
"Jianbing" project		
No.	**Project name**	**Project undertaking unit**
44	Research and development of intelligent monitoring and non-invasive precise intervention system for abnormal emotional state of children and adolescents (兒童青少年異常情緒狀態的智能監測與無創精準干預系統研發)	Hangzhou Seventh People's Hospital (Hangzhou Psychological Crisis Research and Intervention Center (杭州市心理危機研究與干預中心))

The "Jianbing Lingyan + X" Program is a major science and technology project in Zhejiang Province aimed at breaking through key core technologies and driving high-quality economic and social development. It includes core categories such as "Jianbing" and "Lingyan" and is known for its rigorous review process, high entry requirements and tangible results. The selected projects are expected to receive provincial special funding, providing crucial support for subsequent technological breakthroughs and clinical translation.

Next, Kangning Hospital, an affiliated hospital of Wenzhou Medical University will strictly follow the project assessment requirements and solidly promote the implementation of the projects, providing scientific and technological support for the province to accelerate the transformation and application of scientific research results and cultivate new productive forces.

5 Compliance and high-quality Operation

Case: Wenzhou Kangning's "New productive forces (新質生產力)" cases won 2 gold awards and 1 silver award at the national level

In December 2025, the 2025 China Conference on the New Ecosystem of Socially Run Medical Institutions was held in Chengdu. At the conference, the awards ceremony for the 2nd Socially-Run Medical Institutions "New Productive Forces" Case Competition was held. Three cases submitted by Kangning Hospital, an affiliated hospital of Wenzhou Medical University won awards: the Gold Award in the Service Model Innovation category: "Construction and Practice of Hospital Nutrition and Health Operation Model (《醫院營養健康運營模式構建與實踐》)" won the Gold Award in the Service Model Innovation category; "Construction and Application Practice of Drug Traceability Code Six-Sided Scanning System (《藥品追溯碼六面掃系統的構建與應用實踐》)" won the Gold Award in the Smart Efficiency Improvement category; and "Four-Dimensional Empowerment: Autism 'Medical, Educational, and Rehabilitation' Full-Chain Service (《四維賦能• 孤獨症"醫教康"全鏈條服務》)" won the Silver Award in the Service Model Innovation category. Kangning Hospital, an affiliated hospital of Wenzhou Medical University was also awarded the title of "Outstanding Innovative Organization in the Socially-Run Medical Institutions Industry in 2025 (2025 年度社會辦醫行業優秀創新型組織)".

During the symposium, experts shared international cutting-edge trends in mental health development, listened to presentations on the achievements in digital technology innovation and the construction of intelligent psychological service platforms of hospitals, and conducted in-depth exchanges and discussions on the localization of global digital technology standards, how digital innovation can empower clinical practice in psychiatric hospitals and the improvement of social psychological services.









5 Compliance and high-quality Operation

Case: AI-powered precision prevention and treatment | The 13th Kangning Psychiatry International Forum was opened

On 1 November 2025, the 13th Kangning Psychiatry International Forum jointly organized by Wenzhou Kangning Hospital Group, Wenzhou Medical University and Oujiang Laboratory (甌江實驗室) was grandly opened!

As a sub-forum of the 2025 World Young Scientists Summit, this forum focused on the theme of "AI and Precision Psychiatric Prevention and Treatment (人工智能與精準精神醫學防治)", discuss in depth the innovative practices of AI in the clinical field of mental health, shared the latest achievements of digital technology in scientific research and application and discussed cutting-edge trends, to jointly promote the development of the discipline. Xinhua News App, XinYiYun (新醫雲), Wenzhou Kangning Hospital's video account and other platforms simultaneously broadcast the event live, with over 500,000 people witnessing this annual international psychiatric event online.



As a sub-forum of the World Young Scientists Summit, every event of Kangning Psychiatry International Forum focuses on current hot topics in mental health, inviting experts and scholars from home and abroad to gather in Wenzhou to share the latest research findings and innovative clinical practices. This forum focused on the theme of "AI and Precision Psychiatric Prevention and Treatment (人工智能與精準精神醫學防治)", and set up a sub-forum on mental health and geriatrics. It not only focused on cutting-edge academic research but also responded to contemporary issues, contributing Chinese wisdom, Zhejiang solutions and Wenzhou experiences to mental health professionals worldwide.

5 Compliance and high-quality Operation

5.4 Supply Chain Compliance and Supervision

We attach great importance to the compliance management of the supply chain and ensure the legality and reliability of the supply chain system through strict institutional norms. The Group strictly complies with the Medicinal Product Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), the Regulations for the Implementation of the Drug Administration Law of the People's Republic of China《(中華人民共和國藥品管理法實施條例》), the Regulation on the Control of Narcotic Drugs and Psychotropic Drugs《(麻醉藥品和精神藥品管理條例》), the Measures for the Administration of Toxic Drugs for Medical Use (《醫療用毒性藥品管理辦法》), the Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) and the Measures for the Administration of Permits for Medical Device Operation Enterprises (《醫療器械經營企業許可證管理辦法》) and other relevant laws and regulations, and fully implements supply chain compliance requirements. These measures not only guarantee the standardized operation of the supply chain, but also significantly improve the quality and safety of medical services. Through the continuous optimization of supply chain management, we promote the coordinated improvement of compliance practices and service quality, providing sustained support for patient health and the standardized development of the industry.

To ensure the quality of medical services, the Group has formulated internal systems such as the Measures for the Administration of Suppliers (《供應商管理辦法》) and the Procurement Management System (《採購管理制度》) to regulate the admission, procurement procedures, and evaluation of suppliers. Pursuant to the Supplier Management Measures (《供應商管理辦法》), the Material Procurement Department conducts background research and qualification review on new suppliers, assesses their distribution capabilities, establishes a list of qualified suppliers, conducts quarterly assessments and annual reviews of qualified suppliers, and provides relevant opinions based on the review results.

When selecting suppliers, we put emphasis on comprehensive evaluation and responsible practices throughout the supplier screening process, and give priority to key factors such as production capacity, technological level, quality assurance, production management level, price competitiveness, and compliance of environmental protection materials. The Group places great importance on managing environmental and social risks in its supply chain. When selecting suppliers, we comprehensively evaluate their environmental and social responsibility performance, including compliance with national and local environmental standards, implementation of green procurement, prevention of child labor and forced labor, and provision of reasonable working conditions for employees. Moreover, we conduct an independent review of a supplier with a total contract amount of more than RMB300,000 in accordance with the Contract Management System (《合同管理制度》), and enter into an anticommercial bribery agreement with a supplier with a total contract amount of more than RMB100,000 to prevent the occurrence of bribery and corruption through third parties. We continuously optimize the compliance and responsible practices across our supply chain, providing ongoing momentum for the enhancement of healthcare service quality and the fulfillment of social responsibility.

5 Compliance and high-quality Operation

During the Reporting Period, the Group dealt with a total of 346 medical device suppliers. At present, the supplier practice is implemented in only 145 suppliers of our headquarters and Wenzhou region. All of our suppliers are domestic suppliers. Their distribution by region is as follows:

Region	Number of Suppliers
Zhejiang Province	189
Guangdong Province	30
Hebei Province	24
Shandong Province	15
Jiangsu Province	14
Shanghai Municipality	12
Beijing Municipality	11
Henan Province	10
Jiangxi Province	10
Anhui Province	8
Hubei Province	6
Hunan Province	5
Tianjin Municipality	3
Fujian Province	2
Sichuan Province	2
Chongqing Municipality	1
Guangxi Province	1
Liaoning Province	1
Shaanxi Province	1
Yunnan Province	1

5.5 Anti-corruption and Integrity

We always stick to integrity and maintain the integrity and standardised operations of the medical industry through strict compliance management. The Group always strictly complies with laws and regulations, including the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Code of Conduct for Practitioners in Medical Institutions《(醫療機構從業人員行為規範》), the Issuance of Notice on Nine Prohibitions on Strengthening the Establishment of Medical and Health Ethics (《關於印發加強醫療衛生行風建設"九不准"的通知》), the Provisions on Establishing Bad Records for Commercial Bribery in Purchase and Sale of Pharmaceuticals (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》) and the Issuance of Notice on the Special Action Plan for Rectifying and Regulating the Drug Market Order throughout the PRC (《關於印發"全國整頓和規範藥品市場秩序專項行動方案"的通知》), and resolutely eliminate any form of commercial bribery, bribery conduct or improper transfer of benefits. During the Reporting Period, the Group was not aware of any litigation or any cases of corruption, bribery, extortion, fraud, or money laundering against the Group or its employees.

5 Compliance and high-quality Operation

In the medical industry, the ethical conduct of medical staff is of paramount importance and is the cornerstone of ensuring patient trust. Therefore, we continuously improve the professional ethics level of the healthcare industry through strict norms and management. We have formulated internal management systems, such as the Implementation Plan for the Construction of Clean Hospitals (《清廉醫院建設實施方案》), which expressly prohibit improper behaviors such as receiving kickbacks, and stipulate corresponding disciplinary punishment standards. A fraud reporting hotline and e-mail channels have also been set up to encourage employees and all sectors of society to report improper behavior, and we will strictly keep the identity of the whistleblower confidential. The Group recognizes that rigorous medical governance is not only related to the improvement of medical quality, but also involves the construction of moral standards, both of which jointly lay the foundation for a harmonious doctor-patient relationship. We carry out regular inspections and supervision to prevent any incident of corruption through internal management systems such as the Implementation Plan for the Construction of Ethics (《行風建設實施方案》), the Standards for Integrity and Self-discipline《(廉潔自律工作規範》), the Management System of Civilized Medical Practice《(文明行醫管理制度醫療》) and the Nine Prohibitions on the Establishment of Health Ethics (《衛生行風建設九不准》). Meanwhile, we regularly organize training activities centered on professional ethics to enhance employees' moral awareness and sense of professional responsibility. Through these measures, we continuously promote the integration of medical professionalism and ethical standards to provide patients with higher quality medical services and care.

The Group attaches great importance to anti-corruption and anti-bribery in operation and management, and maintains corporate integrity and compliant operation through the establishment of standardized systems. The General Manager Office of the Group has formulated the Anti-fraud, Anti-bribery and Whistleblowing Management System (《反舞弊、反賄賂與舉報管理制度》) to regulate the professional conducts of the Company's directors, supervisors and employees, and enhance the compliance awareness and sense of responsibility of all employees. Employees and business partners may report or make complaints against fraud, bribery or any inappropriate or suspicious behavior discovered in the Company's operations through various channels including telephone and email.

We emphasize and actively carry out integrity education, provide anti-corruption and integrity training for Board members and all employees, and enhance daily education to raise awareness of compliance and integrity. During the Reporting Period, directors and all staff attended anti-corruption training.

During the Reporting Period, the Group provided specialized training on anti-corruption and anti-fraud to members of the Board and key personnel in the Material Procurement Department. Through case-study videos and other methods, the training vividly illustrated corruption incidents and common violations, helping employees identify compliance grey areas and establish behavioral norms for integrity in employment. In the training courses for the Materials Procurement Department, we focused on explaining the definition and major types of occupational fraud, and conducted training based on the fraud triangle theory and typical case studies, with the aim of strengthening risk prevention awareness and enhancing compliance capabilities in daily procurement.



Anti-corruption Training for Employees

6 Professional Medical Team Building

We always regard employees as the core force of medical services and continuously enhance employee well-being and team cohesion through optimized human resource management. We regularly evaluate our human resources policies to ensure they are fair and reasonable, create a people-oriented working environment and pay attention to the physical and mental growth needs of employees to build an open and inclusive healthcare team with our employees. During the Year, the Personnel Department started to prepare the summary of the personnel work in 2025 and the deployment of the work plan for 2026, with a view to constantly optimizing human resources management practices and promoting common progress among employees and hospital. We believe that by driving continuous improvement in employee productivity and career satisfaction, we are able to enhance employee productivity as well as their mental and physical well-being.

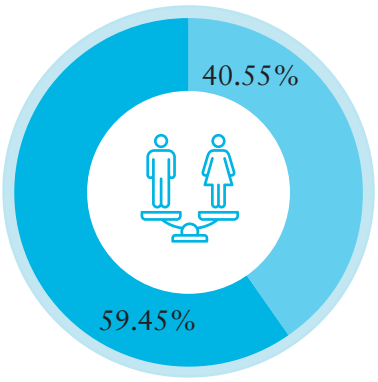
6.1 Compliance and Employment

The Group always strictly complies with laws and regulations related to labor and employment, including the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》) and the Provisions on the Prohibition of Using Child Labor (《禁止使用童工的規定》).

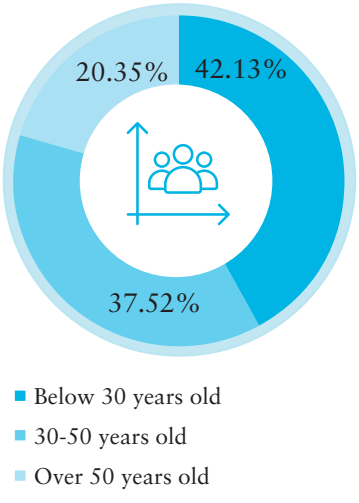
To standardize and administer human resources and employment processes, the Group has formulated the Employee Handbook (《員工手冊》) to regulate and manage the human resources and employment processes, such as recruitment, dismissal, promotion, remuneration, and leave. During the Reporting Period, the Group was not involved in any violation of any relevant laws and regulations relating to remuneration and dismissal, recruitment and promotion, working hours, equal opportunities, diversity, anti-discrimination, etc.

As of 31 December 2025, the Group had a total of 4,826 employees. The percentages of employees by gender and by age group are set out in the following charts:

Percentage of employees by gender:



Percentage of employees by age group:



6 Professional Medical Team Building

Personnel Recruitment and Promotion

We continuously optimize human resource management and improve the matching of personnel capability with their positions in medical laboratory through a scientific talent introduction mechanism, thereby contributing to the standardized development of medical service quality. The Group selects multiple channels to actively attract talent based on comprehensive factors such as talent demand analysis and recruitment costs. We have formulated the Recruitment Management Measures (《招錄管理辦法》). During the recruitment process, we have always adhered to the principles of "fairness, impartiality, and openness", and strictly review the candidates' academic qualifications, working experience, and skills to ensure that they meet the job requirements. During the recruitment process, the background factors of the applicants, such as gender, age, nationality, religion, family status, race, marital status, and other categories protected by law, do not affect the interviews, employment, and job opportunities of the applicants.

During the Year, in active response to the requirements of the Hospital Work Objective Management and Assessment System (《醫院工作目標管理考核制度》), the Personnel Department of the Group formulated a detailed human resources work plan with emphasis on key areas such as talent matching, practical ability, quality of middle-level cadres and resources allocation mechanism. The Personnel Department collaborated with relevant functional departments to carry out differentiated evaluations focusing on the core task, difficult tasks and outstanding contributions of the Group and the headquarters, so as to ensure that the best candidates are selected for the positions. We align corporate development plans with employee performance, recommending outstanding talent for promotion through a fair and transparent performance evaluation system. We adopt quantitative assessments to optimize performance management and continuously refine related policies based on employee feedback. Through these measures, we drive efficient human resource allocation and sustained improvement in service quality, delivering high-quality medical care in response to patient and societal needs.

Employees may resign at their own accord, and the last working day will be confirmed through discussion with their supervisor. The Group conducts exit interviews in a respectful manner, so as to gain an in-depth understanding of the reasons for resignation and provide a reference for the continuous improvement of human resources policies. We adhere to the principles of openness and fairness to ensure a transparent and standardized resignation decision-making process. All resignation procedures are handled in strict compliance with national laws and regulations and labor contract requirements.

To eliminate the use of child labor or forced labor, the Group rigorously vet the legal identification information of candidates during recruitment, ensuring that the employment contract is signed with each employee on a completely voluntary basis under the working hours system and in compliance with requirements under national laws and regulations. We value work-life balance and set reasonable working hours for employees in accordance with labor regulations. If any illegal use of child labor or forced labor is discovered, we will terminate the contract with the employees in strict accordance with the law, hold relevant persons accountable, and safeguard the labor rights of the employees. We have also set up a reporting channel to encourage employees to monitor and report any violations immediately. During the Reporting Period, there was no case of child labor or forced labor discovered by the Group. We will continue to promote fair labor practices to ensure employee well-being and improve the quality of medical services.

6 Professional Medical Team Building

6.2 Welfare and Caring for Employees

We prioritize employee well-being, enhancing their job satisfaction and sense of belonging through comprehensive social security and welfare policies. Our Group strictly adheres to national regulations, contributing to the five social insurances and one housing fund (including endowment insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing provident fund) for eligible employees, and providing supplementary enterprise annuities in accordance with the law. Employees are entitled to statutory leave, such as annual leave, marriage leave, maternity leave, sick leave, paternity leave, and other types of leave benefits. Furthermore, we provide meal allowances, housing subsidies, and other convenient living benefits to further support employees' daily needs. We firmly believe that through these measures, we can motivate employees to focus on their medical service work, jointly promote a harmonious and supportive workplace culture, and create greater value for patients and society.

To further improve the human resources management system and ensure reasonable returns and career development for employees, the Company continues to optimize its compensation system and performance appraisal mechanism, and enhance the management system of professional title evaluation and appointment. We have formulated the Employee Remuneration Management System (《員工薪酬管理制度》) setting basic salary standards in accord with job levels and flexibly adjusts salary structure based on factors such as job allowance and skill improvement. We assess the performance of employees through annual performance appraisals, which are customized according to the position and take into account multiple indicators such as workload and quality. The Company regards the assessment results as a critical basis for the evaluation of outstanding employees and the adjustment of salaries and bonuses to stimulate the enthusiasm and initiative of employees. We are committed to building a more scientific and standardized personnel management system. We have thoroughly analyzed and standardized the professional title evaluation and appointment system, unified the material upload standards and review processes, and clarified the annual evaluation and appointment standards through multiple joint personnel meetings, ensuring the fairness, impartiality, and transparency of the evaluation and appointment process. In line with the standardized development requirements for corporates, we have issued five systems, including the Postdoctoral Research Station Management Measures (《博士後工作站管理辦法》), the Implementation Plan on Recruiting Physicians from Zhejiang Province to Expand the Scope of Practice for Registered Mental Health Professionals (《關於招收浙江省醫師增加註冊精神衛生專業執業範圍的實施方案》) and the Implementation Plan on Pilot Training and Promotion of Standardized Training Nurses (《關於試點開展規培護士培養與晉升的實施方案》). We have also revised ten rules and regulations, such as the Job-Position Matching List (《崗職匹配一覽表》) and the Employee Dormitory Allocation Management System (《員工宿舍分配管理制度》), making management more systematic and standardized.

We continuously improve our compensation and performance management system, optimize salary structure design and budget monitoring mechanisms, and strengthen their standardization and transparency. Meanwhile, the employee evaluation process is improved to enhance the scientificity and fairness of human resources management. We also actively implement relevant employment policies to promote the recruitment of public welfare positions in a reasonable manner.

We value the work-life balance of employees and strive to foster a positive work environment. We actively organize various cultural and sports activities to promote the health of employees. We are equipped with a gym, a swimming pool and a basketball arena to enrich the leisure life of employees. We support the activities of amateur clubs, such as football team and dance team, to build a platform for employee interaction and mutual support. In addition, we regularly organize parent-child activities, retirement meetings, annual meetings, and union recuperation sessions to strengthen the bonds between employees' families and colleagues, and enhance team cohesion and a sense of belonging. We believe that focusing on the health and well-being of our employees will ultimately lead to a better team's overall efficiency and job satisfaction. In addition, it will help us retain excellent talent. In the future, we will further deepen employee care and build a three-in-one support network encompassing "physical and mental health, family, and development."

6 Professional Medical Team Building

To build a comprehensive support ecosystem encompassing work and life, and individuals and families, we will use the "Employee Personal Health Record" system as the core to implement precise and dynamic management of physical and mental health, and launch a series of health promotion activities such as "Stress Management" and "Traditional Chinese Medicine Wellness." At the same time, by regularly holding "Family Open Days" and upgrading our full support services for children's high school and college entrance exams, we will extend our organizational care to employees' families, enhancing their sense of belonging and home-based stability. Furthermore, we will open an "Employee Growth Counselling Channel" integrating psychological support and career development, providing our supports for personalized development such as onboarding guidance, dual-track career planning, and transition consulting for new hires, key talents, and senior employees. This initiative systematically safeguards employees' physical and mental well-being, strengthens family support, and clarifies growth pathways, ensuring warm, people-centered care throughout their entire journey with the organization.



"Celebrate the Spring Festival and Welcome the New Year" – Gift Distributed by the Union



2024 "Wenzhou Love • Warmth to Thousands of Families" Spring Festival Charity Event



Parent-Child Movie Activity



Love at Kangning, Accompanying Your Childhood Journey

6 Professional Medical Team Building

Case: the 3rd Fun Sports Meet by Wenzhou Kangning Hospital Group

On 17 May 2025, the 3rd Fun Sports Meet by Wenzhou Kangning Hospital Group and "Ping-Pong, Badminton, and Basketball Carnival" were held at the the gymnasium of Wenzhou Medical University. The fun sports meet included ping-pong, badminton, and basketball events, with over 200 athletes from 23 teams representing branches within Zhejiang Province and the School of Psychiatry at Wenzhou Medical University participating.



6.3 Employee Health and Safety Initiatives

As a healthcare service provider, we deeply understand the importance of our employees' physical and mental health to our overall operation. We are committed to creating a safe and healthy workplace environment for our employees through rigorous compliance management. The Group strictly complies with laws and regulations, such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Measures for the Administration of Occupational Health Examination (《職業健康檢查管理辦法》), the Measures for the Administration of Diagnosis and Confirmation of Occupational Diseases (《職業病診斷與鑑定管理辦法》), and the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》). During the Reporting Period, the Group did not violate any relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards. By continually paying attention to employee health and safety, we promote safe and efficient workplace practices to provide lasting momentum for excellence in healthcare services and employee well-being.

6 Professional Medical Team Building

To this end, we have formulated the Hospital Security Management System (《醫院保安管理制度》) and the Hospital Fire Safety Management System (《醫院消防安全管理制度》). We implement various protective measures in accordance with the principle of "Focus on prevention, and Assure key points". We carry out regular inspections and supervision to ensure timely rectification of problems identified. At the same time, we organize safety awareness training and provide qualified protective equipment to enhance our employees' safety precautions. Through these measures, we continuously optimize workplace safety management and effectively provide employees with a safe working environment.

The Group has formulated the Employee Work-related Injury Management System (《員工工傷管理制度》), clarifying the procedures for work injury declaration and expense reimbursement to ensure that the rights and interests of employees with work injury are effectively protected. Meanwhile, we regularly organize employees' health examinations to pay attention to their physical conditions. We provided annual health examinations in September during the Year for eligible employees who work in the Group's hospitals. We are committed to promoting the overall improvement of the physical and mental health of our employees and continuously strengthening employee health care.

During the past three years (including the Reporting Period), there was no serious work-related fatal accident involving employees, and the cumulative number of lost working days due to work-related injuries throughout the Year was 1,147 days.

We continuously optimize workplace safety management and improve employee safety standards through systematic policies and training. We have developed a series of detailed internal policies and guidelines, and conducted training on prevention and emergency handling. The Group also continues to improve the working environment and comprehensively enhance its safety management level. Looking forward, we will further deepen safety management by enhancing safety training to enhance employees' awareness of protection, and improving safety monitoring mechanism to identify potential risks, so as to ensure that employees can concentrate on their work in a safe and worry-free workplace.

6.4 Talent Empowerment and Sustainable Development

We have always believed that talent development is the key driver in promoting enterprise development. To this end, we constantly optimize our internal training system to ensure that it supports employees' career growth and enhances their adaptability to the industry. We have formulated a detailed annual training plan based on the specific needs of each professional position to provide employees with a variety of learning opportunities. For new employees, we provide orientation training to help them adapt to the working environment quickly. Meanwhile, we also launched a variety of on-the-job training with a view to enhancing the skills and industry knowledge of our employees, so as to better cope with the rapid development of the healthcare industry.

6 Professional Medical Team Building

In order to improve the professional quality of our medical staff, we developed the Work Plan for Continuing Medical Education (《繼續醫學教育工作計劃》) during the Reporting Period, which adopted a multi-channel, multi-mode and multi-level education approach to cultivate all-round development of medical personnel. We actively carry out in-hospital learning activities, organized by the Medical Department and the Nursing Department in according to relevant training plans, and regularly invite experts inside and outside the hospital to give talks and academic lectures. To ensure the realization of high-quality continuing medical education, we have also established a continuing medical education management team, responsible for supervising, inspecting, and evaluating the effectiveness of education work throughout the hospital. We believe that by continuously improving the professional capabilities and service standards of our medical staff, we can provide patients with higher-quality medical care and protection.

We attach great importance to the professional development of our resident physicians and improve their clinical capabilities and professional quality through systematic rotation training. The Group adopts the training in the form of rotations in psychiatry and related clinical departments. Physicians can complete prescribed quantitative clinical indicators and self-study tasks through managing patients, participating in outpatient and emergency work and various teaching activities. For graduation internship, we strengthened their basic and clinical knowledge through psychiatric practice projects, and cultivated interns' ability to conduct standardized methods of psychiatric history inquiry, physical examination, medical record writing. The interns shall also learn the mechanism of action, indications, contraindications, adverse drug reactions and their treatment of common psychiatric drugs, and master the diagnosis, differential diagnosis, treatment, prevention, and common diagnostic and therapeutic practices of common diseases in psychiatry and clinical psychology through psychiatric internship projects. The purpose of residency training is to ensure that residents have good professional ethics and interpersonal communication skills, as well as the ability to independently engage in general psychiatric clinical work. Through these measures, we can continuously promote the improvement of residents' professional standards and provide patients with high-quality, professional medical services and care.

During the Reporting Period, the Group's employee training percentage and average training hours by gender and employee type are set out as follows:

	Percentage of trained employees[1]	Average training hours[2]
By gender		
Female staff	100%	33.1 hours
Male staff	100%	33.5 hours
By employee type		
Junior staff	100%	32.7 hours
Middle management	100%	36.2 hours
Senior management	100%	40.7 hours

1 Percentage of trained employees = number of trained employees in the category divided by the total number of employees in the category x 100%

2 Average training hours = total training hours of employees in the category divided by the total number of employees in the category

6 Professional Medical Team Building

During the Year, we continued to enhance the professional quality and comprehensive ability of our employees and actively carried out diversified trainings. The Company has launched the "Elite Training Camp" for its employees and reserve cadres, covering topics such as public relations maintenance, medical insurance management, digital management, laws and regulations, and risk management, so as to help trainees systematically improve their professional knowledge and emergency response capabilities. Meanwhile, we have also organized external exchange activities such as the 13th Kangning Psychiatry International Forum to further strengthen employees' comprehensive management capabilities and international vision.

Case: the First "Elite Training Camp" of Wenzhou Kangning Successfully Concluded!

The inaugural one-year Elite Training Camp hosted by Wenzhou Kangning Hospital Group has successfully concluded its program. The closing ceremony was attended both online and offline by leaders including GUAN Weili, chairman of the Board, WANG Jian, executive vice general manager, and ZHANG Feixue, vice general manager, together with heads of various functional departments, all trainees of the Elite Training Camp, and reserve cadres.



7 Promotion of Green Healthcare

While safeguarding the health of our patients, we attach great importance to our responsibility to protect the environment and minimize the potential impact of our operations on the environment through standardized management.We strictly abide by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and other laws and regulations, and have formulated the Energy Conservation Management System《(節能管理制度》) to ensure that the environmental impact of business activities is minimized. We actively implement energy conservation and emission reduction measures and optimize resource utilization efficiency to promote sustainable management while strictly controlling the sources of pollution to prevent the occurrence of environmental hazards. During the Year, the Group did not violate any laws related to environmental protection and did not have any significant accidents that had impacts on the environment and natural resources or receive any environment-related punishments or litigation.

Taking harmony with the environment as our long-term development goal, we promote green healthcare practice through scientific planning.Based on our business development and historic environmental data, we set targets to maintain or reduce the intensity of energy use, water use, greenhouse gas emissions, and waste generation under a similar level of business operation. During the Year, we reviewed the progress of our environmental targets and the results were disclosed as follows. We will continue to monitor the progress of our targets and implement targeted measures to optimise environmental performance.

7.1 Carbon Emission Management

As a responsible healthcare institution, we reduce our environmental impact of greenhouse gas emissions through proactive management. In order to further monitor and evaluate the Group's greenhouse gas emissions, we quantified greenhouse gas emissions in accordance with the Greenhouse Gas Protocol (《溫室氣體盤查議定書》) jointly developed by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 formulated by the International Standardization Organization. Based on relevant results, we continue to deepen energy conservation, environmental protection and low-carbon operation measures to promote the effective reduction of greenhouse gas emissions. For specific information on greenhouse gas emissions, please refer to the section headed "Climate Change Response" in this chapter.

We attach great importance to the impact of greenhouse gas emissions on the environment, and promote green healthcare practices through active emission reduction measures. The Group strives to reduce CO_2 emissions through optimizing equipment upgrade and energy efficiency retrofits, such as promoting LED lighting and optimizing power system, etc. In addition, we attach great importance to environmental education and regularly conduct training activities to enhance employees' awareness of emission reduction. Please refer to the energy usage management section for details. We will continue to optimize emission reduction measures and steadily promote the goal of low-carbon transformation, so as to inject lasting impetus for the coordinated development of environmental protection and medical services.

7 Promotion of Green Healthcare

7.2 Energy Efficiency and Optimization

Hospitals generally operate 24 hours a day and have complex energy needs such as specific airflow control and specialized heating, ventilation and air-conditioning systems and energy-intensive medical equipment, therefore, healthcare institutions consume a lot of energy. However, we always attach importance to energy conservation management and strive for green operation. We strictly comply with the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), the Notice of the General Office of the State Council on Strictly Implementing the Air-conditioning Temperature Control Standards for Public Buildings《(國務院辦公廳關於嚴格履行公共建築空調溫度控制標準的通知》), the Decision of the State Council on Strengthening Energy Conservation (《國務院關於加強節能工作的決定》) and other laws and regulations, and formulate the Energy Conservation Management System (《節能管理制度》) to optimize the use of central air-conditioning facilities and equipment, thereby reducing unnecessary energy consumption. In order to reduce the Group's energy consumption and achieve the energy consumption target, we have adopted the following energy conservation measures at the locations where we operate:

- Use natural light whenever possible, and use the most energy-efficient light fixtures;
- Turn on some lights to increase the brightness as appropriate when it is cloudy or rainy;
- No permanent lights are available in public areas at night to ensure efficient use of energy;
- Turn off unnecessary lighting and turn off all electrical appliances when not in use;
- Divide the hospital office into different areas with independent controllable lighting systems in each area to use lighting mode flexibly;
- Turn on the air conditioner and set it to cooling only when the outdoor temperature exceeds 30℃ and it feels stuffy indoors in summer; turn on the air conditioner and set it to heating only when the outdoor temperature is below 5℃ and it feels cold indoors in winter;
- Conduct regular cleaning and maintenance of lighting and air-conditioning systems to ensure efficiency;
- The security guard on duty at night is responsible for inspecting the energy conservation status of each area and reporting problems to the logistics management office at a timely manner;
- Carry out energy conservation and consumption reduction publicity work regularly to enhance employees'awareness of environmental protection, and raise the energy conservation awareness of all employees through trainings;
- Adhere to the green office concept to reduce unnecessary power consumption.

7 Promotion of Green Healthcare

In order to implement the sustainable development strategy and improve the energy efficiency of the hospital, in 2024, we officially launched 138.645 kilowatt decentralized photovoltaic power generation installation project of the Kangning Hospital, which is affiliated to Wenzhou Medical University. The photovoltaic system adopts the mode of self-sufficiency and grid connection nearby: the system is connected to the distribution network of the building where it is located by user-end accession to provide green power for the building. During the Reporting Period, the project has been successfully connected to the grid and has generated a total of 145,400 kWh of green power. Energy conservation and carbon reduction are an important part of the construction of a sustainable medical system. In the future, the Company will continue to deepen cooperation and actively explore diversified paths for energy conservation and emission reduction.

During the Reporting Period, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd. consumed a total of 20,893.30 MWh of electricity in the course of operation, with an intensity of 444.26 kWh per person, representing an increase from last year, which was mainly due to the increase in power consumption following our business growth. In the future, we will continue to monitor our energy use and implement precise energy-saving measures to optimize energy use efficiency.

7.3 Water Resources Use

Water resources are essential for healthcare and also very precious. We attach great importance to the hygiene and safety of water supply to protect the health of personnel and patients. Given its business nature, we always give priority to ensuring clean and safe water for sanitation facilities and maintaining a high standard of medical environment.

In order to further improve the utilization efficiency of water resources and achieve the consumption target of water resources, we have proactively adopted various water conservation measures:

- Cultivate good water consumption habits among staff and raise their awareness of conservation
- Regularly check the readings of the water meter to identify any damage or leakage in a timely manner, and strengthen daily maintenance management to minimize any waste caused by leakage
- Choose water-saving appliances, such as effectively utilizing toilets with dual-flush functions
- Advocate the use of rainwater recycling systems, such as central condensate recycling systems and secondary water supply systems, to recycle wastewater
- Post water-saving notices to raise water-saving awareness among all staff

The Group sources water from the municipal water supply and we did not have any water access issues during the Reporting Period. During the Reporting Period, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital

7 Promotion of Green Healthcare

Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd. consumed a total of 398,130.00 m^3 of water in the course of operation, with an intensity of 8.47 m^3 per person, representing an decrease as compared with last year, which was mainly due to the decrease in water consumption as result of the implementation of water-saving measures in the ward of Wenzhou Yining Geriatric Hospital. In the future, we will continue to monitor our water use and implement precise water-saving measures to optimize water use efficiency

7.4 Digital Office

We have been proactively promoting digital transformation, optimize the efficiency of resource use through technological innovation, and facilitate Green Healthcare practice. The Group has successfully implemented electronic medical record information management, and medical records and test reports are in electronic format for easy access and management. Meanwhile, we utilize a mobile cloud office platform to handle business processes, such as reporting, signing, and approving, which significantly reduces the need for printing through online processing.

We also recycle and reuse excess printing paper and other consumables to eliminate waste and exchange electronic information with each clinic site through the cloud to enhance processing efficiency.

Looking forward, we will continue to explore more optimization initiatives and promote a zero-waste resource management model to contribute our continuous efforts toward the goal of green healthcare.

Measures to reduce paper consumption

Cloud Communication	• Employees transfer information and documents in the form of electronic communication and electronic files and use the system to quickly access the information of the necessary contacts, so as to realize the paperless address book
Cloud Approval	• Employees can submit applications for approval for personnel, finance, materials, and information through their mobile phones, and the system will send approval messages in real time to further realize paperless business approval
Cloud Storage	• As a safe and reliable document library of the Group, various measures to maintain information security are implemented in the system to monitor the sharing and access of documents in real time
Cloud Decision-making	• Integrate and refer to the hospital's various operational metric data, and present the data analysis results on the mobile terminal in the form of charts to help managers make decisions based on scientific evidence and data
Cloud Salary	• Employees can check their salary details through the system at any time

We closely track resource consumption and promote the optimization of green office practices through annual data monitoring. During the Reporting Period, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd. consumed a total of 15,176.88 kg of papers, with an intensity of 0.32 kg per person. In the future, we will strengthen the monitoring of paper usage and implement targeted paper reduction measures to improve the efficiency of resource use.

7 Promotion of Green Healthcare

7.5 Waste Management

We promote Green Healthcare practices and reduce the impact of waste on the environment through scientific management. We have taken a series of measures. We categorize and manage waste according to its nature, which is mainly divided into hazardous and non-hazardous waste. We have formulated a comprehensive waste treatment system and clarified the standards of each step, including processes of storage, collection and transportation. We engage professional units to handle hazardous waste safely and regularly evaluate our waste management process to continuously optimize the operation efficiency and practically implement the green healthcare concept.

Hazardous Waste Disposal

We always regard safe disposal of medical waste as a top priority. In order to ensure compliance with relevant regulations, we have engaged a qualified third party to assist all of our healthcare institutions in the classification, collection, storage, transfer and transportation of medical waste in accordance with applicable laws and regulations such as the Medical Waste Management Regulations (《醫療廢物管理條例》), Measures for Medical Wastes Management of Medical and Health Institutions (《醫療衛生機構醫療廢物管理辦法》) and Technical Specifications for Centralized Treatment of Medical Waste (《醫療廢物集中處理技術規範》).

We strictly carry out the classification and management of medical waste and use specialized equipment for professional disposal. Mixed storage or random disposal is strictly prohibited. Meanwhile, we have also established radioactive liquid waste treatment facilities to ensure the standardized use, storage and disposal of radioactive sources and liquid waste. In the future, we will constantly explore better disposal models to strengthen safety education and improve the supervisory capacity and promote continuous improvement in medical waste management.

Non-hazardous Waste Management

We actively promote Green Healthcare and resource conservation through scientific management and sorting and recycling practices. The Group strictly complies with the laws and regulations including the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Regulations on the Prevention and Control of Solid Waste Pollution in Zhejiang Province (《浙江省固體廢物污染防治條例》) and the Management Measures for Kitchen Waste in Wenzhou City (《溫州市區餐廚垃圾管理辦法》) for the classification, collection and management of recyclable, non-recyclable and hazardous waste. We focus on recycle resources such as paper, metal, plastic and batteries.

For different types of waste, we carry out segregated classification and collection, and regularly recycle paper, plastic and other renewable resources. At the same time, we have installed purification facilities to handle kitchen waste fumes and engaged professional units for disposal. We also encourage low-carbon life and reduce the source of waste. For example, we advocate the reuse of packaging materials to avoid unnecessary waste, and regularly take stock for reasonable replenishment. In the future, we will continue to intensify our promotion of classification and raise awareness of environmental protection among employees.

7 Promotion of Green Healthcare

During the Reporting Period, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd. recorded a total output of non-hazardous waste of 4,679,700.00 kg, with an intensity of 99.51 kg per person; and a total output of hazardous waste, including medical waste, computers, used ink cartridges and used batteries, of 101,854.00 kg in aggregate, with an intensity of 2.17 kg per person. During the Year, the intensity of non-hazardous and hazardous waste output decreased as compared with last year, reflecting our continuously enhanced utilization rate of resources. In the future, we will continue to monitor our waste output and adopt effective measures to reduce waste generation.

7.6 Climate Change Response[3]

As a healthcare institution, we are well aware of the profound impacts of this issue on individuals, teams and the society, and have been continuously improving our ability to identify and respond to climate risks. In terms of compliance framework, we follow the requirements of Part D of Appendix C2 to the Environmental, Social and Governance Reporting Code (《環境、社會及管治報告守則》) of the Hong Kong Stock Exchange regarding climate-related disclosures, and are gradually improving our information disclosure and management arrangements for governance, strategies, risk management, and indicators and targets. Based on the above framework, we have organized and carried out the identification and assessment of climate-related risks and opportunities, covering the impacts of extreme weather on the continuity of our operations and supply chain, as well as opportunities arising from energy conservation and consumption reduction, low-carbon transformation and the application of green technologies. Through these initiatives, we will continue to promote the integration of climate responsibility and corporate operations, injecting new vitality into the synergetic progress of corporate green transformation and environmentally sustainable development.

Governance

The Group has established a three-tier governance structure of "Board of Directors – ESG Working Group – Relevant functional departments" to integrate climate considerations into its decision-making and oversight process.

- **Board of Directors:** As the highest decision-making level, they are ultimately responsible for overseeing the Group's climate-related risks and opportunities. They are responsible for approving the Group's climate strategies, targets and annual work plans, and overseeing the setting and achievement of targets. During the Reporting Period, the Board of Directors reviewed ESG (including climate)-related matters at least once a year, and listened to the ESG team on the progress of identifying and responding to climate risks.

- **ESG Working Group:** The ESG Working Group established under the Board of Directors is responsible for assisting the Board of Directors in managing climate-related issues, identifying and monitoring climate-related risks, and regularly reporting climate change-related issues to the Board of Directors. We report to the Board of Directors on a regular basis and initiate an ad hoc reporting process when material issues arise.

- **Executive (relevant departments):** They are responsible for coordinating and implementing specific climate response measures in accordance with the Group's policy, and for collecting and reporting relevant performance data.

During the Reporting Period, we prepared climate-related training for our Directors.

3 The Group makes disclosures on a "comply or explain" basis in accordance with the climate-related disclosure requirements in Part D of Appendix C2. For reasonable information which is not readily available or cannot be reliably measured within the Reporting Period, the Group applies "Reasonable Data Waiver" to ensure that the disclosure can be improved year by year.

7 Promotion of Green Healthcare

Strategies

We have currently implemented a number of carbon reduction measures, including optimizing energy use to reduce emissions from operations, establishing emergency response plans to enhance operational resilience, and systematically tracking policies and regulations to maintain compliance. We fully recognize the multiple impacts of climate change on corporate operations, compliance and brand reputation, and mitigate potential risks through assessment. The Group continues to assess the physical risks and transition risks to analyze their potential financial and strategic impacts on the business, and strive to reduce the negative effects of climate change.

Risk Type	Time Range[4]	Potential Impact	Response Measures
Physical Risks			
Extreme high temperature	long term	• A surge in electricity load has increased the operational pressure on air conditioning and cold chain equipment, leading to higher energy costs. • Deterioration of staff working environment, which may affect the efficiency of medical services and staff stability	• Properly improve energy efficiency and equipment tolerance; • Optimize the indoor environment to protect the working conditions of medical staff
Typhoon	short term	• Factors such as building damage and power outages affect the continuity of medical services.	• Regularly reinforce building facilities and equip them with emergency power generation equipment; • Regularly organize emergency drills for typhoon and flood prevention.
Transition Risk			
Failure to comply with developments in international climate change policies and regulations	medium to long term	• Increased compliance costs due to increased supervision requirements	• Track latest policy requirements; integrate requirements into management policy
Stakeholders attach importance to climate change issues	medium to long term	• Damaged reputation makes it harder to gain stakeholder support	• Regularly issue ESG or sustainability progress reports to enhance transparency

4 We define duration and extent of the impacts of climate risks and opportunities as short-term (less than 5 years), mid-term (5 to 15 years) and long-term (more than 15 years) through comprehensive consideration of a broad range of external market intelligence and in light of the actual business operation of the Company.

7 Promotion of Green Healthcare

Opportunity Type	Time Range	Potential Impact	Response Measures
Resource Efficiency Improvement	medium to long term	• Improve hospital energy efficiency and reduce operating cost	• Reduce daily use of water resources, electricity and other energy resources and improve resource efficiency
Brand Reputation Enhancement	medium to long term	• Brand bonus brought by energy-saving transformation, smart energy consumption management system, green hospital certification, etc.	• Implement precise energy conservation, emission reduction, and waste reduction measures

During the Reporting Period, we conducted emergency drill on typhoon and flood control, which was attended by a total of 15 people including the Logistics Management Office, the Security Section, the Cleaning Section, the Medical Record Room, the Water and Power Team and the Nursing Department, with a total participation rate of 100%. It covers early warning report, command and coordination, emergency communication, vigilance and control, on-site disposal and clean-up. The drill scenario involved serious water accumulation in the basement caused by the typhoon. The Security Division set up a cordon off the discovery. The logistics team and water and electricity team activated the emergency response, activated the backup water pump and drained the water. The medical record room and the cleaners cooperated to complete the protection and cleaning, and all disposal records were kept on file.

The initial assessment in the Reporting Period did not identify a significant risk that would result in a material adjustment to the carrying amount of the asset or liability in the next reporting year. As the key assumptions and parameters still need to be verified, this year's disclosures will primarily focus on qualitative assessments. In the future, we will gradually improve the scope and quality of quantitative disclosure based on our accumulated professional skills and resource allocation to avoid causing significant impact.

Risk Management

We attach great importance to the potential impacts of climate risks and opportunities and have established a systematic process for identification, assessment, prioritization, and monitoring. Each year, we review the applicability of key climate issues through a combination of internal seminars and expert consultations.

Metrics and Targets

We have consistently disclosed Scope 1 and 2 greenhouse gas emissions in our ESG reports over the years to assess the effectiveness of climate governance of the Group. Currently, the Group has not established a group-wide system for collecting and accounting data for Scope 3 greenhouse gas emissions, making it difficult to obtain timely and reliable data. Based on a "comply or explain" mechanism, we provide reasonable exemptions for relevant requirements and will progressively expand the scope of disclosure as our data foundation and methodologies improve.

During the Reporting Period, the aggregated greenhouse gas emissions in the course of operation of Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd. are as follows:

7 Promotion of Green Healthcare

Greenhouse gas emissions[5,6]		Unit	2025
Scope 1	Direct greenhouse gas emissions	tonnes of carbon dioxide equivalent ("CO_2e")	584.64
Scope 2	Indirect greenhouse gas emissions	tonnes of CO_2e	11,085.99
Total greenhouse gas emissions		tonnes of CO_2e	11,670.63
Greenhouse gas emissions per person[7]		tonnes of CO_2e/person	0.25

During the Reporting Period, Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd. produced a total of 11,663.10 tonnes of CO_2e of greenhouse gas emissions in the course of operation, with an intensity of 0.25 tonnes of CO_2e per person. The intensity of greenhouse gas emissions was slightly higher than last year due to the increased carbon footprint resulting from our business growth. Looking forward, we will strengthen emission monitoring, implement targeted emission reduction measures, optimize energy efficiency so as to promote the realization of low-carbon operation target.

On the premise of relatively stable business operations, we are committed to continuously promoting the implementation and regular review of emission reduction targets based on existing energy-saving measures, and striving to achieve long-term stability and stable reduction of emission intensity. For more information on the measures we have taken to achieve our environmental objectives, please refer to "Management of Carbon Emissions" in this section.

At the same time, in accordance with the "comply or explain" mechanism under the new climate regulations of HKEX, the Group will endeavour to disclose climate-related indicators and targets (including cross-industry indicators applicable to all sectors, internal carbon pricing, remuneration, industry-specific indicators, other climate-related targets, and their progress) based on available data and applicable methodologies.

5 The calculation of greenhouse gas emission is based on the "Greenhouse Gas Protocol – Corporate Accounting and Reporting Standards" issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)

6 The operational control approach is applied to define the greenhouse gas emission accounting boundaries, and the region-based method is adopted for the calculation

7 Calculated based on the number of employees at the end of the Year and the number of discharged patients during the Reporting Period

8 Community Engagement and Charitable Support

We uphold the business philosophy of "giving back to the society", and believe that corporations shall actively create value for the society. The Group not only focuses on the development of healthcare business, but also actively participates in and supports public welfare activities through various channels to enhance the health standard of the community. We are actively engaged in community investment. During the Reporting Period, we invested more than RMB5.6132 million to support various community welfare programs, such as charity healthcare and assistance to orphans, and help disadvantaged groups through professional healthcare, in particular, we donated over RMB1.8587 million. In the future, we will continue to work with all sectors to promote the joint establishment of a healthy community and deepen public welfare practices in more aspects.

8.1 public welfare and charitable activities

Case Study: Over 10,000ml of Blood Donated in Half a Day | Staff from Kangning Fuel Life with Their Blood

On 7 February, Kangning Hospital, an affiliated hospital of Wenzhou Medical University organised a blood donation event themed "Protecting Life, Angelic Kinship." Staff from Kangning responded positively and actively joined the blood donation team to fuel their lives. The total amount of voluntary blood donation reached 13,800ml in half a day.

At the blood donation site, the medical staff from the frontline of the clinic and the cadres and employees from the administrative and logistics positions rolled up their sleeves and threw themselves into this relay of love.





8 Community Engagement and Charitable Support

Case Study: Protecting the Health of the "Heart" | Wenzhou Kangning launched a Series of Themed Activities for Mental Health Day

10 October is the 34th "World Mental Health Day". Kangning Hospital, an affiliated hospital of Wenzhou Medical University has assembled a professional team comprising psychiatrists, psychotherapists, and psychological counselors to conduct various activities such as lectures on mental health, mental health service fairs, etc. in various places to provide professional and convenient mental health services.





Appendix I: Sustainability Data Statement

The scope of environmental key performance indicators (KPIs) in the Report covered the healthcare businesses directly controlled by the Group, including Wenzhou Kangning, Cangnan Kangning Hospital Co., Ltd., Yongjia Kangning Hospital Co., Ltd., Wenzhou Yining Geriatric Hospital Co., Ltd., Yueqing Kangning Hospital Co., Ltd., Pingyang Kangning Hospital Co., Ltd. and Pingyang Changgeng Yining Hospital Co., Ltd., of which the sustainability data statement in the subject area of environment is set out as follows:

	Unit	2025
Emissions[8]		
Nitrogen oxides (NO_x)	kg	555.90
Sulphur oxides (SO_x)	kg	0.86
Particulate Matters (PM)	kg	51.14
Greenhouse gas emissions		
Direct greenhouse gas emissions (Scope 1)	tonnes of CO_2e	584.64
Indirect greenhouse gas emissions (Scope 2)	tonnes of CO_2e	11,085.99
Total greenhouse gas emissions (Scope 1 & 2)	tonnes of CO_2e	11,670.63
Greenhouse gas emissions per person[9]	tonnes of CO_2e/person	0.25
Energy consumption		
Natural gas consumption	m^3	139,529.00
Gasoline consumption	litre	120.00
Diesel consumption	litre	14,344.28
Vegetable oil fuel consumption	litre	15,944.00
solar power generation	kWh	145,400.00
Consumption of purchased electricity	MWh	20,893.30
Consumption of purchased electricity per person[5]	kWh/person	444.26
Water consumption		
Water consumption	m^3	398,130.00
Water consumption per person[5]	m^3/person	8.47
Paper consumption		
Paper consumption	kg	15,176.88
Paper consumption per person[5]	kg/person	0.32
Waste generation		
Non-hazardous waste generation	kg	4,679,700.00
Non-hazardous waste generation per person[5]	kg/person	99.51
Hazardous waste generation	kg	101,854.00
Hazardous waste generation per person[5]	kg/person	2.17

8 We calculate the Group's air pollutant emissions with reference to the Stock Exchange's "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs".

9 Calculated based on the number of employees at the end of the Year and the number of discharged patients during the Reporting Period.

Appendix I: Sustainability Data Statement

Below sets forth the Group's human resources data statement for the Year:

	Unit	2025
Total number of employees	number	4,826
Number of employees by employee category		
Full-time employees	number	4,826
Number of employees by gender		
Female employees	number	2,869
Male employees	number	1,957
Number of employees by employee rank		
Junior employees	number	4,059
Middle management	number	746
Senior management	number	21
Number of employees by age group		
Employees aged under 30	number	1,914
Employees aged between 30 and 50	number	1,963
Employees aged above 50	number	949
Number of employees by geographical region		
Employees from North China	number	37
Employees from Northeast China	number	115
Employees from East China	number	4,368
Employees from Central China	number	127
Employees from Northwest China	number	3
Employees from South China	number	176

Appendix I: Sustainability Data Statement

	Unit	2025
Total employee turnover rate[10]	%	17.11
Employee turnover rate by gender		
Female employees	%	17.44
Male employees	%	16.62
Employee turnover rate by age group		
Employees aged under 30	%	17.57
Employees aged between 30 and 50	%	11.38
Employees aged above 50	%	26.15
Employee turnover rate by geographical region		
Employees from North China	%	41.27
Employees from Northeast China	%	14.18
Employees from East China	%	16.40
Employees from Central Chin	%	19.11
Employees from Northwest China	%	25.00
Employees from South China	%	26.36

10 Employee turnover rate is calculated based on the number of employees lost divided by the sum of the number of employees lost and the number of employees at the end of the Year.

Appendix II: Hong Kong Stock Exchange ESG Reporting Code Index

Environmental aspect			Relevant sections
A1: Emissions	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7 Promotion of Green Healthcare- 7.1 Carbon Emission Management; 7.5 Waste Management
	A1.1	The types of emissions and respective emissions data.	Appendix I: Sustainability Data Statement
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7 Promotion of Green Healthcare- 7.5 Waste Management; Appendix I: Sustainability Data Statement
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7 Promotion of Green Healthcare- 7.4 Digital Office; 7.5 Waste Management; Appendix I: Sustainability Data Statement
	A1.5	Description of emission target(s) set and steps taken to achieve them.	7 Promotion of Green Healthcare- 7.1 Carbon Emission Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	7 Promotion of Green Healthcare- 7.4 Digital Office; 7.5 Waste Management
A2: Use of Resources	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7 Promotion of Green Healthcare- 7.2 Energy Efficiency and Optimization; 7.3 Water Resources Use; 7.4 Digital Office
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	7 Promotion of Green Healthcare- 7.2 Energy Efficiency and Optimization; Appendix I: Sustainability Data Statement

Appendix II: Hong Kong Stock Exchange ESG Reporting Code Index

Environmental aspect			Relevant sections
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	7 Promotion of Green Healthcare- 7.3 Water Resources Use; Appendix I: Sustainability Data Statement
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	7 Promotion of Green Healthcare- 7.2 Energy Efficiency and Optimization
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	7 Promotion of Green Healthcare- 7.3 Water Resources Use
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Given its business nature, the Group does not produce any finished products nor does it have any industrial facilities. Therefore, no significant amount of packaging material is used in the course of daily operation
A3: The Environment and Natural Resources	General disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	7 Promotion of Green Healthcare
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7 Promotion of Green Healthcare

Appendix II: Hong Kong Stock Exchange ESG Reporting Code Index

Social aspect			Relevant sections
B. Social			
B1: Employment	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	6 Professional Medical Team Building- 6.1 Compliance and Employment; 6.2 Welfare and Caring for Employees
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I: Sustainability Data Statement
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Statement
B2: Health and Safety	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	6 Professional Medical Team Building- 6.3 Employee Health and Safety Initiatives
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	6 Professional Medical Team Building- 6.3 Employee Health and Safety Initiatives
	B2.2	Lost days due to work injury.	6 Professional Medical Team Building- 6.3 Employee Health and Safety Initiatives
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	6 Professional Medical Team Building- 6.3 Employee Health and Safety Initiatives
B3: Development and Training	General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6 Professional Medical Team Building- 6.4 Talent Empowerment and Sustainable Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6 Professional Medical Team Building- 6.4 Talent Empowerment and Sustainable Development
	B3.2	The average training hours completed per employee by gender and employee category.	6 Professional Medical Team Building- 6.4 Talent Empowerment and Sustainable Development
B4: Labor Standards	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	6 Professional Medical Team Building- 6.1 Compliance and Employment
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	6 Professional Medical Team Building- 6.1 Compliance and Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	6 Professional Medical Team Building- 6.1 Compliance and Employment

Appendix II: Hong Kong Stock Exchange ESG Reporting Code Index

Social aspect			Relevant sections
B5: Supply Chain Management	General disclosure	Policies on managing environmental and social risks of the supply chain.	5 COMPLIANCE AND HIGH-QUALITY OPERATION- 5.4 Supply Chain Compliance and Supervision
	B5.1	Number of suppliers by geographical region.	5 COMPLIANCE AND HIGH-QUALITY OPERATION- 5.4 Supply Chain Compliance and Supervision
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how such practices are implemented and monitored.	5 COMPLIANCE AND HIGH-QUALITY OPERATION- 5.4 Supply Chain Compliance and Supervision
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5 COMPLIANCE AND HIGH-QUALITY OPERATION- 5.4 Supply Chain Compliance and Supervision
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5 COMPLIANCE AND HIGH-QUALITY OPERATION- 5.4 Supply Chain Compliance and Supervision
B6: Product Responsibility	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling, and privacy matters relating to products and services provided and methods of redress.	5 COMPLIANCE AND HIGH-QUALITY OPERATION- 5.1 Service Quality Management and Improvement; 5.2 Data and Privacy Protection
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	As the Group operates the healthcare business, there are no products sold or shipped subject to recalls for safety and health reasons.
	B6.2	Number of products and service related complaints received and how they are dealt with.	5 COMPLIANCE AND HIGH-QUALITY OPERATION- 5.1 Service Quality Management and Improvement
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	5 COMPLIANCE AND HIGH-QUALITY OPERATION- 5.3 Intellectual Property Right Management
	B6.4	Description of quality assurance process and recall procedures.	5 COMPLIANCE AND HIGH-QUALITY OPERATION- 5.1 Service Quality Management and Improvement
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5 COMPLIANCE AND HIGH-QUALITY OPERATION- 5.2 Data and Privacy Protection

Appendix II: Hong Kong Stock Exchange ESG Reporting Code Index

Social aspect			Relevant sections
B7: Anti-corruption	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	5 COMPLIANCE AND HIGH-QUALITY OPERATION-5.5 Anti-corruption and Integrity
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5 COMPLIANCE AND HIGH-QUALITY OPERATION-5.5 Anti-corruption and Integrity
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5 COMPLIANCE AND HIGH-QUALITY OPERATION-5.5 Anti-corruption and Integrity
	B7.3	Description of anti-corruption training provided to directors and staff.	5 COMPLIANCE AND HIGH-QUALITY OPERATION-5.5 Anti-corruption and Integrity
B8: Community Investment	General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	8 Community Engagement and Charitable Support
	B8.1	Focus areas of contribution.	8 Community Engagement and Charitable Support
	B8.2	Resources contributed to the focus area.	8 Community Engagement and Charitable Support
Part D: Climate-related Disclosures			Relevant sections
(I) Governance	19. An issuer shall disclose information about: (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.		7. Promotion of Green Healthcare-7.6 Climate Change Response

Appendix II: Hong Kong Stock Exchange ESG Reporting Code Index

Part D: Climate-related Disclosures		Relevant sections
(II) Strategy	20. Climate-related risks and opportunities An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.	7. Promotion of Green Healthcare- 7.6 Climate Change Response
	21. Business model and value chain An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.	Exemption of reasonable information-we could not at the reporting date have all reasonable and substantiated information available without undue cost or effort to determine the extent of its value chain.
	22. Strategy and decision-making An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation.	7. Promotion of Green Healthcare- 7.6 Climate Change Response
	23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	7. Promotion of Green Healthcare- 7.6 Climate Change Response
	24. Financial position, financial performance and cash flows **Current financial effect** An issuer shall disclose qualitative and quantitative information about: (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	7. Promotion of Green Healthcare- 7.6 Climate Change Response Exemption of financial effect – we will further assess the financial effect of climate-related risks and opportunities in the future.

Appendix II: Hong Kong Stock Exchange ESG Reporting Code Index

Part D: Climate-related Disclosures		Relevant sections
	25. Anticipated financial effect The issuer shall provide qualitative and quantitative disclosures about: (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration. (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Capabilities relief - we do not have the capabilities of analysis in light of our available skills, capabilities and resources at this stage. We will further strengthen relevant skills and capabilities by launching trainings in relation to climate issues, and enhance disclosure on anticipated impacts on our financial position in a gradual manner.
	26. Climate resilience An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range.	Exemption of reasonable information-we have not currently disclosed any climate scenario analysis but will explore its feasibility in the future.
(III) Risk Management	**27.** An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks. (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	7. Promotion of Green Healthcare- 7.6 Climate Change Response

Appendix II: Hong Kong Stock Exchange ESG Reporting Code Index

Part D: Climate-related Disclosures		Relevant sections
(IV) Metrics and Targets	28. Greenhouse gas emissions An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO_2 equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	7. Promotion of Green Healthcare- 7.6 Climate Change Response Scope 3 carbon emissions: exemption of reasonable information – in the future, we will continue to collect more comprehensive data to gradually expand and improve the disclosure coverage of each sub-category of Scope 3 that has a significant impact on the Group's business.
	29. An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	7. Promotion of Green Healthcare- 7.6 Climate Change Response Scope 3 carbon emissions: exemption of reasonable information
	30. Climate-related transition risks An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Exemption of reasonable information-we will enhance our methodology and processes for assessing the financial effect of climate-related risks and opportunities in future reports.
	31. Climate-related physical risks An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	
	32. Climate-related opportunities An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	

Appendix II: Hong Kong Stock Exchange ESG Reporting Code Index

Part D: Climate-related Disclosures		Relevant sections
	33. Capital deployment An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	The Group has identified climate-related risks and will further identify relevant data to optimize disclosure
	34. Internal carbon prices An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	Negative statement – the Group does not currently use internal carbon pricing in its decision-making but will explore the feasibility of its implementation in the future.
	35. Remuneration An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Negative statement – we are not currently incorporating climate-related considerations into our executive remuneration and will explore the possibility of doing so in the future.
	36. Industry-based metrics An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.	We do not currently disclose any industry-based metrics, but will explore their feasibility in the future.
	37. Climate-related targets An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.	7. Promotion of Green Healthcare- 7.6 Climate Change Response

Appendix II: Hong Kong Stock Exchange ESG Reporting Code Index

Part D: Climate-related Disclosures		Relevant sections
	38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target.	7. Promotion of Green Healthcare- 7.6 Climate Change Response
	39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	7. Promotion of Green Healthcare- 7.6 Climate Change Response
	40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39.	7. Promotion of Green Healthcare- 7.6 Climate Change Response -
	41. Applicability of cross-industry metrics and industry-based metrics In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	We do not currently disclose any cross-industry metrics or industry-based metrics, but will explore their feasibility in the future.

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