廣東康華醫療集團股份有限公司

GUANGDONG KANGHUA HEALTHCARE GROUP CO., LTD.*

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

(Stock Code: 3689)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

- Revenue for the Reporting Period decreased by 4.5% to RMB937.6 million (six months ended 30 June 2025: RMB981.5 million).
- Profit for the Reporting Period increased by 10.5% to RMB36.0 million (six months ended 30 June 2025: RMB32.6 million).
- Profit for the Reporting Period attributable to owners of the Company decreased by 8.0% to RMB38.3 million (six months ended 30 June 2025: RMB41.6 million).
- Earnings per share decreased by 8.0% to RMB11.5 cents (six months ended 30 June 2025: RMB12.5 cents).
- Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation[#] ("**Adjusted EBITDA**") for the Reporting Period increased by 34.3% to RMB170.5 million (six months ended 30 June 2025: RMB127.0 million).
- The Board does not recommend payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

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

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Guangdong Kanghua Healthcare Group Co., Ltd.* (廣東康華醫療集團股份有限公司) (the "**Company**" or "**our Company**", "**we**" or "**us**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**" or "**our Group**") for the six months ended 30 June 2026 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2025.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	3	**937,633**	981,535
Cost of revenue		**(779,524)**	(823,002)
Gross profit		**158,109**	158,533
Other income	4	**13,708**	22,752
Other expenses, gains and losses, net	5	**(2,879)**	(1,775)
Net provision for impairment losses under the expected credit loss model		**(2,702)**	(10,209)
Gain on disposal of an associate	17	**8,520**	–
Net gain on disposals of subsidiaries	17	**–**	19,208
Loss on change in fair value of investment property	11	**(13,718)**	(300)
Share of results of an associate		**–**	(18,358)
Administrative expenses		**(102,324)**	(108,754)
Finance costs		**(10,299)**	(8,113)
Profit before tax	6	**48,415**	52,984
Income tax expense	7	**(12,427)**	(20,413)
Profit for the period		**35,988**	32,571
Profit/(loss) for the period attributable to:			
Owners of the Company		**38,293**	41,642
Non-controlling interests		**(2,305)**	(9,071)
		35,988	32,571
Earnings per share			
Basic *(RMB cents)*	9	**11.5**	12.5
Diluted *(RMB cents)*	9	**11.5**	12.5

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**35,988**	32,571
Other comprehensive income:		
Item that will not be reclassified to profit or loss		
Gain on revaluation of a property, net of tax	**–**	20,098
Other comprehensive income for the period	**–**	20,098
Total comprehensive income for the period	**35,988**	52,669
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	**38,293**	61,740
Non-controlling interests	**(2,305)**	(9,071)
	35,988	52,669

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	NOTES	**At 30 June 2026** ***RMB'000*** **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**935,555**	954,630
Right-of-use assets	10	**434,253**	218,252
Investment property	11	**208,600**	217,500
Goodwill		**143,325**	143,325
Loan to a related party	12	**10,000**	–
Deposits paid for acquisition of property, plant and equipment		**20,989**	6,704
Financial assets at fair value through profit or loss		**32,600**	32,600
Deferred tax assets		**8,451**	9,515
Total non-current assets		**1,793,773**	1,582,526
CURRENT ASSETS			
Inventories		**68,137**	70,077
Accounts and other receivables	13	**287,037**	283,282
Financial assets at fair value through profit or loss		**400,010**	450,000
Restricted bank balances		**38**	838
Fixed bank deposits		**56,412**	59,416
Bank balances and cash		**240,933**	232,760
Total current assets		**1,052,567**	1,096,373
CURRENT LIABILITIES			
Accounts and other payables and provision	14	**783,137**	777,335
Bank loans – due within one year	15	**8,000**	4,000
Lease liabilities	10	**89,650**	7,199
Dividend payable		**53,879**	–
Tax payables		**19,591**	24,536
Total current liabilities		**954,257**	813,070
NET CURRENT ASSETS		**98,310**	283,303
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,892,083**	1,865,829

	NOTES	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Bank loans – due after one year	15	**197,321**	286,411
Lease liabilities	10	**168,349**	28,459
Deferred tax liabilities		**17,986**	24,641
Total non-current liabilities		**383,656**	339,511
NET ASSETS		**1,508,427**	1,526,318
EQUITY			
Share capital	16	**334,394**	334,394
Reserves		**1,159,253**	1,174,839
Equity attributable to owners of the Company		**1,493,647**	1,509,233
Non-controlling interests		**14,780**	17,085
TOTAL EQUITY		**1,508,427**	1,526,318

NOTES:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the provision of hospital services, provision of rehabilitation and other healthcare services, provision of haemodialysis services and provision of elderly healthcare services in the PRC.

The interim condensed consolidated financial information is presented in Renminbi ("**RMB**"), which is also the functional currency of the Company. All values are rounded to the nearest thousand, except when otherwise indicated.

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2025.

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

On 23 March 2026, the Company entered into the equity transfer agreement with an independent third-party, Beijing Fazheng Industrial Group Co., Ltd. (北京法政實業集團有限公司) ("**Beijing Fazheng**"), a company established in the PRC, for the disposal of the Company's remaining 45% equity interest in Chongqing Kanghua Zhonglian Cardiovascular Hospital Co., Ltd. (重慶康華眾聯心血管病醫院有限公司) ("**Kangxin Hospital**") at a consideration of approximately RMB8,520,000, calculated with reference to Kangxin Hospital's revenue for the year ended 31 December 2025 and its outstanding operating liabilities as at 31 March 2026. Pursuant to the equity transfer agreement, the Company received RMB1,000,000 on 26 March 2026 as part of the total consideration. Details of the disposal are set out in the Company's announcement dated 23 March 2026.

The disposal was completed on 15 April 2026. Upon the completion of the disposal, Kangxin Hospital has ceased to be an associate of the Company. As at 30 June 2026 and up to the date of this announcement, the remaining consideration had not yet been settled. At the date of disposal, the Group recognised a gain on disposal of approximately RMB8,520,000 as disclosed in note 17.

2. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial information has been prepared on the historical cost convention, except for certain financial assets and investment property that are measured at fair values.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by IASB, for the first time, for the preparation of the Group's current period's financial information:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the interim condensed consolidated financial information.

3. REVENUE AND SEGMENT INFORMATION

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

Revenue

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Recognised over time:		
Hospital services:		
– Inpatient healthcare services	**468,624**	521,023
– Outpatient healthcare services	**310,972**	303,869
– Physical examination services	**45,661**	44,341
– Postpartum care services	**5,540**	4,065
	830,797	873,298
Rehabilitation and other healthcare services:		
– Rehabilitation hospital and other healthcare services	**20,314**	25,011
– Rehabilitation centre services and other services	**28,078**	33,585
	48,392	58,596
Haemodialysis services	**51,694**	42,711
Elderly healthcare services	**6,750**	6,930
Total revenue from contract with customers	**937,633**	981,535

Segment information

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

The Group's operating segments are classified as (i) hospital services; (ii) rehabilitation and other healthcare services; (iii) haemodialysis services; and (iv) elderly healthcare services. The details of the Group's operating segments are as follows:

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

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

Segment revenues and results

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

For the six months ended 30 June 2026 (unaudited)

	Hospital services *RMB'000*	Rehabilitation and other healthcare services *RMB'000*	Haemodialysis services *RMB'000*	Elderly healthcare services *RMB'000*	Total *RMB'000*
SEGMENT REVENUE					
External sales	**830,797**	**48,392**	**51,694**	**6,750**	**937,633**
Segment profit	**137,834**	**5,478**	**12,395**	**2,402**	**158,109**
Other income					**13,708**
Other expenses, gains and losses, net					**(2,879)**
Net provision for impairment losses under the expected credit loss model					**(2,702)**
Gain on disposal of an associate					**8,520**
Loss on change in fair value of investment property					**(13,718)**
Administrative expenses					**(102,324)**
Finance costs					**(10,299)**
Profit before tax					**48,415**

For the six months ended 30 June 2025 (unaudited)

	Hospital services *RMB'000*	Rehabilitation and other healthcare services *RMB'000*	Haemodialysis services *RMB'000*	Elderly healthcare services *RMB'000*	Total *RMB'000*
SEGMENT REVENUE					
External sales	873,298	58,596	42,711	6,930	981,535
Segment profit	144,787	6,710	3,919	3,117	158,533
Other income					22,752
Other expenses, gains and losses, net					(1,775)
Net provision for impairment losses under the expected credit loss model					(10,209)
Net gain on disposals of subsidiaries					19,208
Loss on change in fair value of investment property					(300)
Share of results of an associate					(18,358)
Administrative expenses					(108,754)
Finance costs					(8,113)
Profit before tax					52,984

There were no inter-segment sales during both periods.

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

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

4. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Investment income from financial assets at fair value through profit or loss	**1,266**	3,517
Operating lease income	**2,155**	8,209
Bank and other interest income	**869**	2,288
Local health service income	**5,066**	2,798
Gain on early termination of lease contracts	**–**	1,454
Government subsidies	**705**	144
Clinical trial and related income	**1,201**	32
Others	**2,446**	4,310
	13,708	22,752

5. OTHER EXPENSES, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss)/gain on disposals of property, plant and equipment	**(93)**	64
Net exchange loss	**(1,786)**	(1,839)
Donations	**(1,000)**	–
	(2,879)	(1,775)

6. PROFIT BEFORE TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	**49,268**	48,190
Depreciation of right-of-use assets	**49,169**	21,345
Research and development expenditure	**162**	307
Short-term lease expenses	**970**	676
Variable lease rentals in respect of hospitals	**–**	8,209
Cost of inventories recognised as expenses (representing pharmaceutical products and consumables and others used, included in cost of revenue)	**403,801**	426,301

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("**EIT**")		
Current tax	**17,912**	19,404
Under/(over)-provision of EIT in prior years	**106**	(67)
	18,018	19,337
Deferred tax	**(5,591)**	1,076
	12,427	20,413

Under the Law of the PRC on EIT (the "**EIT Law**") and the Implementation Regulation of the EIT Law, a subsidiary which operates in Mainland China is subject to corporate income tax at a rate of 25% on the taxable income for both periods. Certain subsidiaries of the Group in Mainland China are regarded as "small and micro enterprises" and, accordingly, were entitled to a preferential income tax rate of 5% (six months ended 30 June 2025: 5%) during the current interim period.

No provision for Hong Kong Profits Tax had been made as the Group did not generate any assessable profits in Hong Kong during the six months ended 30 June 2026 and 2025.

8. DIVIDENDS

During the current interim period, a final dividend of RMB16 cents per share in respect of the year ended 31 December 2025 (six months ended 30 June 2025: RMB15 cents per share in respect of the year ended 31 December 2024) was declared to owners of the Company. The aggregate amount of the final dividend declared in the interim period amounted to RMB53,879,000 (six months ended 30 June 2025: RMB49,805,000) and was paid subsequent to the end of the reporting period.

The directors of the Company have determined that no dividend will be declared and paid in respect of the current interim period (six months ended 30 June 2025: nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings:		
Profit for the period attributable to ordinary equity holders of the Company for the purpose of calculating earnings per share	**38,293**	41,642

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**334,394,000**	334,394,000

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2026 and 2025. The diluted earnings per share amount is the same as the basic earnings per share amount for the six months ended 30 June 2026 and 2025.

10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired property, plant and equipment and incurred expenditure on construction in progress of RMB30,470,000 and RMB9,000 (six months ended 30 June 2025: RMB43,560,000 and RMB3,704,000), respectively, for the purpose of upgrading and expanding the service capacity of the Group's hospital operations and development of new medical facilities.

During the current interim period, the Group entered into new lease agreements for the use of properties in the PRC for 2 to 6 years (six months ended 30 June 2025: for the use of properties in the PRC for 4 to 15 years). The Group is required to make fixed monthly payments. On commencement of the leases, the Group recognised right-of-use assets and lease liabilities of RMB265,170,000 (six months ended 30 June 2025: RMB10,830,000) each relating to those new leases.

During the six months ended 30 June 2025, the Group entered into agreements with landlords for early termination of lease contracts, the carrying amounts of right-of-use assets and lease liabilities were RMB4,376,000 and RMB5,830,000 (six months ended 30 June 2026: nil), respectively, resulting in a gain of RMB1,454,000 (six months ended 30 June 2026: nil) recognised in profit or loss.

During the six months ended 30 June 2025, upon disposal of 55% equity interest in Kangxin Hospital, the Group transferred certain land and building (the phase 1 medical facility underlying the operations of Kangxin Hospital located in Chongqing) previously classified as property, plant and equipment and right-of-use assets of carrying amounts RMB170,990,000 and RMB24,213,000, respectively, to investment property due to the change in use from self-occupied to leasing for generating rental income. Upon transfer to investment property, the asset was revalued with a surplus on valuation of RMB26,797,000 credited to property revaluation reserve and corresponding deferred tax liability of RMB6,699,000 debited to property revaluation reserve. The Group also disposed of property, plant and equipment of carrying amount RMB17,073,000 in connection with the disposal of 55% equity interest in Kangxin Hospital.

11. INVESTMENT PROPERTY

	RMB'000 **(unaudited)**
Fair value	
At 1 January 2026 (audited)	**217,500**
Additions	**4,818**
Decrease in fair value recognised in profit or loss	**(13,718)**
At 30 June 2026	**208,600**

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

The valuation was arrived at by using income approach taking into account the recent market transactions and the reversionary potential of property interests.

12. LOAN TO A RELATED PARTY

On 19 May 2026, a loan agreement was entered into among Dongguan Renkang Hospital Co., Ltd. (東莞仁康醫院有限公司) ("**Renkang Hospital**") (a 57% non-wholly-owned subsidiary held by the Company) (as the Lender), Dongguan Tongli Enterprise Co., Ltd. (東莞市同力實業有限公司) ("**Tongli Enterprise**") (a limited liability company established in the PRC of which certain key management personnel of the Group have ownership interest) (as the Borrower) and Dongguan Renkang Elderly Care Centre Co., Ltd. (東莞仁康護理院有限公司) ("**Renkang Elderly Care Centre**") (a wholly-owned subsidiary of Renkang Hospital), pursuant to which the Lender has agreed to grant a non-interest bearing loan to the Borrower of an aggregate principal amount not exceeding RMB28,000,000 for a term of two years from the date of the first drawdown. The loan is to be used by the Borrower for the construction of a new elderly care centre building complex on the Borrower's land to accommodate the expansion of Renkang Elderly Care Centre, which shall be constructed strictly in accordance with the design plans, specifications, technical requirements and construction schedule determined by the Lender and Renkang Elderly Care Centre, and shall be leased to Renkang Elderly Care Centre upon completion. The loan is secured by the guarantee executed by Mr. Wang Junyang (the Guarantor), the chairman and an executive director of the Company, in favour of the Lender. Details of the loan arrangements are set out in the Company's announcement dated 19 May 2026. During the current interim period, Renkang Hospital has advanced a loan of RMB10,000,000 to Tongli Enterprise.

13. ACCOUNTS AND OTHER RECEIVABLES

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Accounts receivable	**255,123**	255,361
Less: Allowance for credit loss	**(28,241)**	(21,729)
Total accounts receivable	**226,882**	233,632
Prepayments to suppliers	**10,524**	9,075
Consideration receivable *(note)*	**7,520**	–
Others	**46,179**	42,664
	64,223	51,739
Less: Allowance for credit loss	**(4,068)**	(2,089)
Total other receivables	**60,155**	49,650
Total accounts and other receivables	**287,037**	283,282

Note: On 23 March 2026, the Company entered into the equity transfer agreement with Beijing Fazheng for the disposal of the Company's remaining 45% equity interest in Kangxin Hospital at a consideration of approximately RMB8,520,000. The Company received RMB1,000,000 as part of the total estimated consideration on 26 March 2026. The disposal was completed on 15 April 2026. As of 30 June 2026, and up to the date of this announcement, the remaining consideration has not yet been settled.

The individual patients of the Group usually settle payments by cash, credit cards, mobile payments or governments' social insurance schemes. For credit card and mobile payments, the banks and counterparties normally settle the amounts approximately 30 days after the transaction date. Payments by governments' social insurance schemes are normally settled by the local social insurance bureau or similar government departments which are responsible for the reimbursement of medical expenses for patients who are covered by the government medical insurance schemes; such settlement ranged from 30 to 180 days from the transaction date. Corporate customers will normally settle the amounts within 90 days after the transaction date by bank transfers. There has been no material change to the above pattern throughout the current and prior interim period.

The following is an ageing analysis of the accounts receivable, net of allowances for credit loss, presented based on the revenue recognition date at the end of the reporting period:

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Within 30 days	**124,983**	144,781
31 to 90 days	**38,747**	26,819
91 to 180 days	**18,404**	19,615
181 to 365 days	**20,164**	27,811
Over 365 days	**24,584**	14,606
	226,882	233,632

14. ACCOUNTS AND OTHER PAYABLES AND PROVISION

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Accounts payable	**410,951**	386,971
Accrued expenses	**73,206**	84,205
Receipts in advance *(note)*	**238,958**	241,098
Payables for acquisition of property, plant and equipment	**35,639**	36,920
Other tax payables	**2,235**	3,786
Others	**20,251**	19,277
Other payables	**370,289**	385,286
Total accounts and other payables	**781,240**	772,257
Provision for medical dispute claims	**1,897**	5,078
Total accounts and other payables and provision	**783,137**	777,335

Note: Included in the balance are contract liabilities of RMB69,262,000 (31 December 2025: RMB64,982,000) and advances from the PRC social insurance bureau of RMB169,696,000 (31 December 2025: RMB176,116,000) for the daily hospital operations of the Group.

The credit period of accounts payable is from 30 to 90 days (31 December 2025: 30 to 90 days) from the invoice date.

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

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Within 30 days	**75,561**	84,213
31 to 90 days	**140,972**	115,516
91 to 180 days	**100,128**	95,502
181 to 365 days	**47,585**	59,361
Over 365 days	**46,705**	32,379
	410,951	386,971

15. BANK LOANS

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Variable-rate secured bank loans *(note (a))*	**89,534**	77,390
Variable-rate unsecured bank loan *(note (b))*	**115,787**	213,021
	205,321	290,411
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**8,000**	4,000
In the second year	**121,021**	160,698
In the third to fifth year, inclusive	**58,267**	94,323
Beyond five years	**18,033**	31,390
	205,321	290,411

Notes:

(a) As at 30 June 2026 and 31 December 2025, the Group had a variable-rate secured bank loan with an interest rate based on the Loan Prime Rate (LPR) announced by the People's Bank of China, adjusted annually from the drawdown date. As at 30 June 2026, the loan carried an effective interest rate of 3.85% per annum (31 December 2025: 3.85%).

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

As at 30 June 2026 and 31 December 2025, this bank loan was secured by:

(i) financial guarantees provided by the Company and Mr. Wang Junyang, the chairman of the Company; and

(ii) leasehold land held by a subsidiary of the Company, with a carrying amount of approximately RMB75,001,000 as at 30 June 2026 (31 December 2025: RMB75,852,000).

(b) As at 30 June 2026 and 31 December 2025, the balance comprises one variable-rate unsecured bank loan with an interest rate based on the LPR announced by the People's Bank of China, adjusted annually from the drawdown date. The loan carries an effective interest rate of 3.7% per annum (31 December 2025: 3.7%) and primarily serves to provide operating cash flow for Kanghua Hospital.

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

16. SHARE CAPITAL

	Number of domestic shares *'000*	Number of H shares *'000*	Share capital *RMB'000*
As at 1 January 2025 (audited) 31 December 2025 (audited) and 30 June 2026 (unaudited)	**250,000**	**84,394**	**334,394**

17. DISPOSAL OF SUBSIDIARIES AND AN ASSOCIATE AND ACQUISITION OF A SUBSIDIARY

(a) Disposal of 55% equity interest in Kangxin Hospital in February 2025

On 9 January 2025, the Company entered into a sale and purchase agreement with an independent third party, Beijing Pantheon Health Management Co., Ltd. (北京鉑頌健康管理有限公司) ("**Pantheon Health**"), a company established in the PRC and is under common control with Silver Mountain Capital Limited (銀山資本有限公司), for the disposal of 55% equity interest in Kangxin Hospital at a consideration of RMB34,936,000. Details of the contractual arrangements are set out in the Company's announcement dated 9 January 2025.

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

	RMB'000 (unaudited)
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	17,073
Other assets	17,417
Deferred tax assets	31
Inventories	4,094
Accounts and other receivables	7,876
Bank balances and cash	3,520
Accounts and other payables	(23,181)
Net assets disposed of	26,830
Consideration received:	
Cash received	34,936
Amount due to an associate *(note)*	(11,784)
Total consideration received	23,152
Gain on disposal of a subsidiary:	
Consideration received	23,152
Net assets disposed of	(26,830)
Investment in associate recognised	23,158
Gain on disposal	19,480
Net cash inflow arising on disposal:	
Total cash consideration received	34,936
Cash and cash equivalents disposed of	(3,520)
	31,416

Note: As part of the ancillary agreements entered between the Company and Pantheon Health, the Company would assume certain liabilities of Kangxin Hospital that existed prior to the disposal. Accordingly, amount due to an associate of RMB11,784,000 was included in the consideration of the disposal.

(b) Disposal of remaining 45% equity interest in Kangxin Hospital in April 2026

On 23 March 2026, the Company entered into the equity transfer agreement with Beijing Fazheng for the disposal of the Company's remaining 45% equity interest in Kangxin Hospital at a consideration of approximately RMB8,520,000, calculated with reference to Kangxin Hospital's revenue for the year ended 31 December 2025 and its outstanding operating liabilities as at 31 March 2026. Details of the disposal are set out in the Company's announcement dated 23 March 2026.

The Company received RMB1,000,000 as part of the total consideration on 26 March 2026. The disposal was completed on 15 April 2026. Upon the completion of the disposal, Kangxin Hospital has ceased to be an associate of the Company. As at 30 June 2026 and up to the date of this announcement, the remaining consideration had not yet been settled. At the date of disposal, the Group recognised a gain on disposal of approximately RMB8,520,000.

(c) Disposal of subsidiaries of Anhui Hualin

During the six months ended 30 June 2025, the Group entered into several sale and purchase agreements to dispose of its 100% equity interests in certain subsidiaries of 安徽樺霖醫療投資有限公司 (Anhui Hualin Medical Investment Co., Ltd.) ("**Anhui Hualin**"). The purpose of the disposal was to dispose of certain non-performing rehabilitation related operating subsidiaries within the Anhui Hualin Group. The disposal was completed in June 2025, on which the Group ceased to have control over these subsidiaries.

	RMB'000 (unaudited)
Loss on disposal of subsidiaries:	
Cash consideration received	90
Net assets disposed of	(496)
Non-controlling interest	134
Loss on disposal	(272)
Net cash outflow arising on disposal:	
Total cash consideration received	90
Cash and cash equivalents disposed of	(235)
	(145)

(d) Acquisition of subsidiary of Hefei Aihui Health

During the six months ended 30 June 2025, the Group acquired additional interest of 9.4% in 合肥市愛會健康管理有限公司 (formerly known as 合肥市愛康慧健康管理有限公司) ("**Hefei Aihui Health**") from the non-controlling shareholders of Hefei Aihui Health at a consideration of RMB336,000. The change in value of the proportionate share of net assets attributable to non-controlling interests of that subsidiary was approximately RMB163,000. The Group owned 100% equity interest in Hefei Aihui Health as a result of the acquisition.

18. CAPITAL COMMITMENTS

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial information	**101,549**	118,163

19. CONTINGENT LIABILITIES

The Group is subject to legal proceedings and claims in the ordinary course of business primarily arising from medical disputes brought by patients. Provision for medical disputes is made based on the status of potential and active claims outstanding as at the end of the relevant period, and primarily taking into account any judicial appraisal or court determination against the Group. As at 30 June 2026, the total stated claim amount of the Group's on-going medical disputes was RMB6,012,000 (31 December 2025: RMB9,615,000) and there were certain medical disputes without claim amount stated. Based on the Group's assessment, as at 30 June 2026, RMB1,897,000 (31 December 2025: RMB5,078,000) had been provided and included in accounts and other payables and provisions of the Group (note 14). The cash outflow of remaining claim amount of RMB4,115,000 (31 December 2025: RMB4,537,000) cannot be determined with sufficient reliability prior to judicial appraisals. Accordingly, no provision is made in this regard.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL OPERATIONS

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

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

Kanghua Hospital proudly boasts several key achievements that underscore its commitment to excellence in healthcare. The Plastic Surgery Department (整形外科) has been designated as a National Clinical Key Specialty (國家級重點專科), symbolizing the highest standard of excellence in this specialized field. Our Departments of Cardiology and Clinical Laboratory have earned recognition as Guangdong Provincial Clinical Key Specialties (省級重點專科). Moreover, the Cardiothoracic Surgery Department stands out for its technical expertise, maintaining a leading position within Dongguan City. At the municipal level, our Rehabilitation Medicine, Neurology, Gastroenterology, and General Surgery Departments are recognized as key or featured specialties in Dongguan. Furthermore, the hospital is home to specialized centers, including a Reproductive Medicine Center and a Neuroscience Center. Kanghua Hospital regularly collaborates with esteemed specialists from Guangdong Provincial People's Hospital (廣東省人民醫院) to provide outpatient consultations, further enhancing our service offerings. These designations and collaborations reflect our unwavering dedication to delivering high-quality healthcare and advancing medical practices in the region.

We also operate Dongguan Renkang Hospital (東莞仁康醫院) ("**Renkang Hospital**") located in Houjie Town, Dongguan, Guangdong Province, a Grade A Class II private general hospital servicing the local communities in the surrounding area. Located in Dongguan, Guangdong Province, Kanghua Hospital and Renkang Hospital complement each other through patient referrals, technical assistance, multisite practices and research and teaching collaboration. Renkang Hospital commenced operation in March 2008 and covers a land area of 118 acres, with a total building area of 110,000 square meters with close to 500 beds in service capacity. Renkang Hospital is equipped with cutting-edge medical technologies, including a 16-slice CT scanner and advanced Magnetic Resonance Imaging (MRI) systems. Renkang Hospital expanded its interventional surgery suite with the introduction of new Digital Subtraction Angiography (DSA) equipment. This enhancement significantly improves our minimally invasive diagnostic and therapeutic capabilities for cardiovascular and cerebrovascular disorders. As an affiliated partner hospital of Southern Medical University (南方醫科大學), Renkang Hospital regularly hosts visiting specialists and consultants from the university's affiliated hospitals. This collaboration facilitates clinical consultations and professional guidance, providing local residents with convenient access to high-caliber specialist expertise without the need for long-distance travel. Through these initiatives, Renkang Hospital demonstrates a steadfast commitment to delivering exceptional healthcare services while fostering academic collaboration and technological advancement.

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

Our haemodialysis services segment is principally engaged in the operation of haemodialysis outpatient centres in the PRC, referred to as the "**Kanghua Haemodialysis Group**" (康華血液透析集團) or "**Kanghua Sunshine**" (康華陽光). The provision of haemodialysis services generally refers to treatments that replicate kidney's function to remove wastes in blood for patients with kidney conditions. The first outpatient centre of the Kanghua Haemodialysis Group commenced operation in 2016. The Kanghua Haemodialysis Group currently operates 12 haemodialysis centres, located in Guangzhou (2), Chengdu (3), Shenzhen (1), Foshan (1), Zhongshan (1), Zhuhai (1), Yangjiang (1), Jieyang (1) and Jiangmen (1), serving more than 1,100 regular haemodialysis patients. The haemodialysis outpatient centres had performed more than 140,000 haemodialysis operations annually. The Kanghua Haemodialysis Group has introduced advanced concepts and technologies from haemodialysis outpatient centres in Singapore and implemented high-quality dialysis and refined chronic disease management.

The Kanghua Haemodialysis Group is a pioneer in introducing "harmless dialysis" (無傷害透析), which is a protocol significantly more advanced than the prevalent standard in the PRC and has significantly improved the life span and quality of life of kidney patients.

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

BUSINESS REVIEW AND OUTLOOK

Business Overview for the six months ended 30 June 2026

The first half of 2026 marks a critical juncture for China's healthcare sector as the 15th Five-Year Plan begins. The overarching theme is transitioning from follower-based innovation (跟隨式創新) to origin innovation (源頭式創新), while healthcare service delivery accelerates its shift toward primary care and preventive health. China's healthcare industry was officially designated by the central government as a "strategic emerging pillar industry" (新興支柱產業) for the first time. The overall healthcare sector has shifted from previous rapid expansion toward rationalized segmentation, with core focus areas concentrated on external-licensing and earnings realization for innovative drugs, domestic substitution and global export of medical devices, deeper AI empowerment of smart healthcare, and the breakthrough establishment of a "dual-track" payment mechanism combining public medical social insurance with commercial health insurance.

Under the National Health 15th Five-Year Plan, the growth of top-tier medical institutions is being curbed to redirect resources toward community-level clinics. To address a rapidly aging population, healthcare infrastructure is pivoting heavily toward rehabilitation nursing and home-based hospital beds. Concurrently, while public insurance cost containment intensifies through the nationwide rollout of DRG (Diagnosis Related Groups)/DIP (Diagnosis-Intervention Packet) version 3.0 (shifting from strict cost-control to supporting actual clinical practice), policymakers are actively cultivating commercial health insurance and Long-Term Care Insurance (LTCI) (長期護理保險) as vital new funding streams. Consequently, the industry's competitive edge is shifting from sales-driven volume to innovation- driven and efficiency-driven performance.

In response to the rapidly changing environment, the Group has strengthened our alignment with the requirements of tertiary (Grade A Class III) hospitals and social insurance regulations, and further deepened quality control initiatives, striving to achieve significant improvements in critical areas including medical record documentation, rational diagnosis and treatment, and implementation of core institutional protocols. The Group has also continuously strengthened education and training, reinforcing the development of "safe hospital" standards.

During the Reporting Period, the Group's consolidated revenue amounted to RMB937.6 million (six months ended 30 June 2025: RMB981.5 million), representing a period-on-period decrease of 4.5%. The Group recorded a consolidated profit of RMB36.0 million for the Reporting Period (six months ended 30 June 2025: RMB32.6 million), representing a period-on-period increase of 10.5%. The increase in profit for the Reporting Period is primarily attributable to (i) the improved profit margin resulting from our cost saving initiatives and policies implemented; (ii) sustained growth in revenue from our haemodialysis services business operations, which successfully turned around from a loss to a profit during the current interim period; (iii) a decrease in administrative expenses due to our stringent cost management efforts; (iv) the cessation of equity-accounting for losses related to Kangxin Hospital was recorded during the current interim period, which had a positive effect on the Group's financial results; and (v) the Group also recognized a gain of RMB8.5 million from the disposal of the remaining 45% equity interest in Kangxin Hospital in April 2026.

Our hospital services segment has recorded a revenue for the Reporting Period of RMB830.8 million (six months ended 30 June 2025: RMB873.3 million), representing a period-on-period decrease of 4.9% as compared to same period last year. For the first half of 2026, the overall patient visits of our hospital services segment recorded a decrease of 2.8% as compared to same period of 2025. The Group's self-owned hospitals (currently making up our hospital services segment), Kanghua Hospital and Renkang Hospital have recorded decrease in revenue of 6.0% and increase in revenue of 1.7%, respectively. The performance of our hospital services segment is facing notable constraints due to China's recent healthcare reforms. Specifically, the further enforcement of the Zero-Markup Drug Policy has stripped away the profit margins traditionally earned from pharmaceutical sales. Furthermore, nationwide medical service pricing corrections aimed at reducing patient burdens have directly impacted our core service revenue. Beyond these direct policy constraints, broader economic challenges are leading to tighter healthcare budgets at both the state and consumer levels, while escalating competition among providers places additional pressure on our service pricing and revenue growth.

Our rehabilitation and other related healthcare services segment, through our ownership of 57% equity interest in Anhui Hualin Medical Investment Co., Ltd.* (安徽樺霖醫療投資有限公司) ("**Anhui Hualin**") (Anhui Hualin and its subsidiaries, directly and indirectly holds sponsor interests in the managed and controlled entities, certain of which are private non-enterprise entities in Anhui Province, the PRC, collectively the "**Anhui Hualin Group**"), has recorded revenue for the Reporting Period of RMB48.4 million (six months ended 30 June 2025: RMB58.6 million), representing a period-on-period decrease of 17.4%. Revenue for the Reporting Period from our (i) rehabilitation hospitals and other healthcare services operation; and (ii) rehabilitation centre services and other services operation have decreased by 18.8% and 16.4%, respectively. In the first half of 2026, the revenue per inpatient stay has decreased due to the province-wide implementation of the DRG payment control policy. Conversely, outpatient visit volume experienced a period-on-period growth, however, such growth did not completely make up the shortfall in revenue per patient. The children rehabilitation business recorded a contraction in the existing patient base compared to the same period last year, indicating a lack of growth momentum.

Our haemodialysis services segment, has recorded revenue for the Reporting Period of RMB51.7 million (six months ended 30 June 2025: RMB42.7 million), representing a period-on-period increase of 21.0% as compared to same period last year. The demand for hemodialysis services in China continues to grow significantly in 2026, driven by an increasing incidence of chronic kidney disease (CKD) and a rising number of end-stage kidney disease (ESKD) patients. This surge is largely attributed to the growing prevalence of diabetes and hypertension, alongside a persistent shortage of kidney donors. As disposable incomes rise and patients' expectations for quality services improve, there is a noticeable shift towards private sector options for hemodialysis. Patients are increasingly seeking the convenience, flexibility, and personalized care that private providers offer. It is anticipated that the proportion of patients choosing private sector providers for hemodialysis-related treatments in China will continue to rise. Furthermore, the market is witnessing a maturation of established brand names, which has led to increased customer acceptance and confidence. The "Kanghua" brand, in particular, is gaining recognition and trust among patients, further enhancing its appeal in the competitive landscape.

Our elderly healthcare services segment has recorded a revenue for the Reporting Period of RMB6.8 million (six months ended 30 June 2025: RMB6.9 million), representing a period-on-period decrease of 2.6%. As Renkang Elderly Care Centre is currently operating at close to maximum capacity, the decrease in revenue for the Reporting Period was mainly due to the slight fluctuation in utilisation and average spending during the Reporting Period. Driven by China's 15th Five-Year Plan, the 2026 eldercare market is transitioning toward home-based infrastructure, targeting a 70% community coverage rate. While the nationwide expansion of LTCI has unlocked significant commercial potential, rapid population aging continues to outpace actual supply. Consequently, hospitals and private operators face a severe talent deficit, particularly in specialized verticals such as clinical rehabilitation, geriatric mental health and advanced home nursing.

The Group's Adjusted EBITDA (Adjusted EBITDA is earnings before accounting for bank and other interest income, interest expenses, taxes, depreciation and amortisation, fair value gain/(loss) and investment income from financial assets at FVTPL, fair value gain/(loss) on investment property and net exchange gain/(loss)) recorded a period-on-period increase of 34.3% to RMB170.5 million (six months ended 30 June 2025: RMB127.0 million). The Group's positive Adjusted EBITDA indicates that the Group's core operations have remained strong, after eliminating the effects of financing, investment-related income, fair value changes of investments, effects of exchange rates, capital expenditures and extraordinary non-cash related losses.

Hospital Services

The Group's self-owned hospitals, namely, Kanghua Hospital (our Grade A Class III standard general hospital) and Renkang Hospital (our Grade A Class II standard general hospital), currently represented our Group's hospital services segment. During the Reporting Period, the key metrics of our financial and operational performance are as follows: (i) the total number of inpatient visits decreased to 34,632 (six months ended 30 June 2025: 35,311), representing a period-on-period decrease of 1.9%; (ii) the overall average spending per inpatient visit amounted to RMB13,531.5 (six months ended 30 June 2025: RMB14,755.3), representing a period-on-period decrease of 8.3%; (iii) the overall bed utilisation rate decreased to 76.6% (six months ended 30 June 2025: 81.0%); (iv) the average length of stay decreased slightly to 6.2 days (six months ended 30 June 2025: 6.4 days); (v) the total number of outpatient visits increased to 662,975 (six months ended 30 June 2025: 651,350), representing a period-on-period increase of 1.8%; (vi) the overall average spending per outpatient amounted to RMB469.1 (six months ended 30 June 2025: RMB466.5), representing a period-on-period increase of 0.5%; and (vii) the total number of surgical operations decreased to 24,636 (six months ended 30 June 2025: 25,898), representing a period-on-period decrease of 4.9%.

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

	For the six months ended 30 June		
	Change	**2026**	2025
Inpatient healthcare services			
Inpatient visits	-1.9%	**34,632**	35,311
Average length of stay (days)	-0.2 days	**6.2**	6.4
Average spending per visit *(RMB)*	-8.3%	**13,531.5**	14,755.3
Outpatient healthcare services			
Outpatient visits	+1.8%	**662,975**	651,350
Average spending per visit *(RMB)*	+0.5%	**469.1**	466.5
Physical examination services			
Physical examination visits	+12.9%	**92,992**	82,373
Average spending per visit *(RMB)*	-8.8%	**491.0**	538.3

Carried forward from 2025, the unprecedented operational pressures continued to challenge the Group into 2026. However, through the strategic focus of the "Three Precision Management" (三精管理) approach, alongside active market adaptation and integration, both Kanghua Hospital and Renkang Hospital achieved satisfactory phased results for the Reporting Period.

Kanghua Hospital's revenue for the Reporting Period was RMB717.6 million, representing a 6.0% decrease from the previous period, primarily due to lower average per patient spending and a decrease in inpatient visits. During the Reporting Period, inpatient visits decreased by 3.3%, while outpatient visits increased by 3.0%. The sharpest declines were recorded in the obstetrics and gynecology, paediatrics, neurology and cardiovascular related departments. This downward trend was driven by three primary factors: (i) structural demographic shifts with lower birth rates nationwide have significantly reduced maternity ward occupancy and paediatrics care; (ii) the aggressive roll-out of DRG and DIP payment systems, which enforce strict flat-fee caps per medical case; and (iii) the State Council's Tiered Healthcare Delivery System, which diverts chronic care, such as hypertension and stroke rehab, to lower tier community clinics. Overall, these ongoing healthcare reforms present tight operational challenges for Kanghua Hospital. Profit margins were directly hit by the Zero-Markup Drug Policy and national medical service price cuts. Furthermore, a slowing economy has tightened overall healthcare budgets, while rising competition among providers continues to pressure our pricing and market share. In the first half of 2026, Kanghua Hospital maintained its focus on robust infection control, targeting high-risk areas, key departments, and vulnerable groups. Through a closed-loop framework of "screening, prediction, action, and continuous improvement", the hospital utilized data insights to streamline safety measures and achieve comprehensive risk mitigation across all department operations.

Renkang Hospital's revenue for the Reporting Period was RMB107.6 million, representing a 1.7% increase from the previous period. During the Reporting Period, inpatient visits increased by 5.3%, while outpatient visits decreased by 2.2%. To drive sustainable growth, Renkang Hospital advanced its "Three Major Centers" to improve critical care, leading to successful provincial certification for the Chest Pain Center and its subsequent push for national certification through upgraded workflows and emergency drills. Additionally, the Trauma Center was approved as a provincial development unit, while routine efficiency was maintained by managing health insurance satellite hospitals and reviewing special outpatient claims. To optimize its financial structure, Renkang Hospital implemented the Zero-Markup Policy for drugs and medical supplies, actively shifting away from a reliance on pharmaceutical and equipment retail profits. By lowering the share of supply sales and focusing on services that reflect the true value of clinical expertise, the hospital is increasing its revenue share from high-quality clinical operations, including inpatient admissions, surgeries, specialized nursing, rehabilitation, traditional Chinese medicine, and complex consultations, to build a stable revenue system centered entirely on technical and medical services.

Revenue from our postpartum care service (康華月子中心) for the Reporting Period amounted to RMB5.5 million, representing a 36.3% increase from the previous period. Postpartum care services which encompass specialized care for new mothers and their newborns following childbirth, located in the Huaxin Building at Kanghua Hospital and aim to deliver high-quality, premium care to local residents. This strong revenue growth indicates the rapid maturation of our service portfolio and demonstrates our expanding brand name within the local market. By synergizing clinical outcomes with a premium hospitality model, our postpartum care service center has successfully positioned itself as a trusted, high-tier destination for maternal and neonatal care. This favourable market penetration confirms that our strategic commitment to clinical safety and specialized nursing competencies resonates strongly with local consumer demographics. As local brand awareness continues to scale via positive organic referrals and clinical reputation, this high-yield segment is well-positioned to capture additional market share and serve as a reliable driver for the hospital's long-term revenue diversification and margin expansion.

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

Healthcare disciplines *(note)*	Change	For the six months ended 30 June			
		2026	**% of revenue of hospital services segment**	2025	% of revenue of hospital services segment
		RMB'000		*RMB'000*	
Internal medicine related disciplines (內科有關科室)	+5.2%	**117,950**	**14.2**	112,082	12.8
Cardiovascular related disciplines (心血管有關科室)	-4.5%	**96,747**	**11.6**	101,280	11.6
O&G related disciplines (婦產科有關科室)	-8.2%	**86,538**	**10.4**	94,233	10.8
General surgery related disciplines (普通外科有關科室)	+0.1%	**74,355**	**8.9**	74,296	8.5
Neurology related disciplines (神經醫學有關科室)	-9.6%	**54,913**	**6.6**	60,777	7.0
Emergency medicine related disciplines (急診有關科室)	-1.0%	**39,640**	**4.8**	40,021	4.6
Oncology related disciplines (腫瘤有關科室)	-8.6%	**38,281**	**4.6**	41,895	4.8
Nephrology related disciplines (腎臟科有關科室)	-0.8%	**37,979**	**4.6**	38,285	4.4
Orthopaedics related disciplines (骨科有關科室)	-9.9%	**35,749**	**4.3**	39,668	4.5
Medical aesthetic related disciplines (醫學美容有關科室)	-1.7%	**25,471**	**3.1**	25,924	3.0
Paediatrics related disciplines (兒童醫學有關科室)	-22.1%	**13,718**	**1.7**	17,607	2.0
Physical examination (體檢科)	+3.0%	**45,661**	**5.5**	44,341	5.1
Postpartum care service (月子服務)	+36.3%	**5,540**	**0.7**	4,065	0.5
Other disciplines (其他臨床科室)	-11.5%	**158,255**	**19.0**	178,824	20.4
Total	-4.9%	**830,797**	**100.0**	873,298	100.0

Note: The Group's healthcare disciplines can generally be classified into clinical disciplines and medical technology disciplines. Medical technology disciplines provide diagnostic and treatment support according to the requirements of clinical disciplines from time to time. Revenue derived from services delivered through medical technology disciplines is generally recognised in the relevant clinical disciplines that utilised such services.

In the first half of 2026, the Group performed a total of 24,636 surgeries (six months ended 30 June 2025: 25,898), including 11,679 surgeries (six months ended 30 June 2025: 11,447) with level 3 or level 4 complexities. This represents a period-on-period decrease of 4.9% in total surgeries and increase of 2.0% in complex surgeries.

The Group's featured healthcare services are high-end specialty care services that extend beyond basic medical services, specifically catering to more affluent patients who are willing to pay a premium for higher quality and customised services not generally available in public hospitals. Revenue from these services amounted to RMB96.7 million for the Reporting Period (six months ended 30 June 2025: RMB104.3 million), representing a period-on-period decrease of 7.3%. Our featured healthcare services include, (i) VIP inpatient and outpatient services, obstetrics and gynaecology (O&G) services at Huaxin Building (華心樓) (a complex within Kanghua Hospital dedicated to VIP healthcare); (ii) reproductive medicine; (iii) laser treatment; (iv) plastic and aesthetic surgery; and (v) haemodialysis services (haemodialysis services, operated inside at both Kanghua Hospital and Renkang Hospital, have been included in our featured healthcare services retrospectively for the current and prior period). The Group believes the decline is related to the staggering economic environment in the Dongguan region.

Rehabilitation and other Healthcare Services

The Group's rehabilitation and healthcare services segment, represented by Anhui Hualin Group, as at the date of this announcement, operates two rehabilitation hospitals, a general hospital, an outpatient center, twelve rehabilitation centers, and one vocational training school. During the Reporting Period, this segment recorded a revenue of RMB48.4 million (six months ended 30 June 2025: RMB58.6 million), representing a period-on-period decrease of 17.4%.

Anhui Hualin Group currently employs approximately 850 staff (31 December 2025: 990) and maintains stable cooperation with the Anhui Disabled Persons Federation (安徽省殘疾人聯合會) and local governments for training services for the disabled. It is also a major provider of children's rehabilitation services in Anhui Province. As at 30 June 2026, Hefei Kanghua Rehabilitation Hospital (合肥康華康復醫院) and Hefei Jingu Hospital (合肥金谷醫院) operated a total of 240 registered beds (31 December 2025: 260). During the Reporting Period, the rehabilitation hospitals recorded 14,181 outpatient visits (six months ended 30 June 2025: 15,133) and 824 inpatient visits (six months ended 30 June 2025: 936).

In the first half of 2026, China's rehabilitation industry faced intense competition, rigid regulations, and payment model constraints that pressured revenue, resulting in lower-than-expected patient volumes for regional expansion. While adult services face challenges, the children's rehabilitation segment remains resilient, prompting a strategic shift to deploy resources toward specialized children's centers and explore local partnerships.

During the Reporting Period, revenue from rehabilitation hospitals and other healthcare services decreased by 18.8% to RMB20.3 million (six months ended 30 June 2025: RMB25.0 million), and revenue from rehabilitation center services and other services decreased by 16.4% to RMB28.1 million (six months ended 30 June 2025: RMB33.6 million). Overall patient volume decreased significantly compared to the same period last year. This trend stems from fewer recurring patients in children's rehabilitation and tighter DRG restrictions on minor inpatient admissions. Our rehabilitation hospitals were the main drag on our financial performance, as revenue was severely hit by both DRG payment caps and changes to health insurance policies. Conversely, our children's rehabilitation centers were the only business unit to grow period-on-period. Steady government subsidies and the rollout of new tiered membership plan successfully offset the drop in regular patient numbers.

Haemodialysis services

The Group's haemodialysis services segment represents the operation of haemodialysis outpatient centres in the PRC. As at the date of this announcement, the Group operates 12 haemodialysis centres, located in Guangzhou (2), Chengdu (3), Shenzhen (1), Foshan (1), Zhongshan (1), Zhuhai (1), Yangjiang (1), Jieyang (1) and Jiangmen (1), serving more than 1,100 regular haemodialysis patients. In the first half of 2026, the haemodialysis outpatient centres had performed more than 80,890 haemodialysis operations as compared with approximately 66,430 haemodialysis operations last year, representing a period-on-period growth of 21.8%.

The Kanghua Haemodialysis Group benefits from a strong recurring patient flow and stable income, as haemodialysis requires ongoing and regular sessions rather than being a one-time treatment. The Group plans to increase its service capacity, thereby expanding its revenue base. During the Reporting Period, the Kanghua Haemodialysis Group generated revenue of RMB51.7 million (six months ended 30 June 2025: RMB42.7 million), representing a period-on-period increase of 21.0%.

During the first half of 2026, revenue from the haemodialysis services segment increased, driven by a strong rise in outpatient volumes. However, this growth was partially offset by a decline in average spending per patient visit, which stemmed from regional reductions in standard service charges for each dialysis operation. Throughout the Reporting Period, the Group directed significant efforts toward aggressive cost-reduction initiatives. We successfully lowered operating expenses by optimizing the procurement of medical consumables and adopting advanced, high-efficiency perfusion techniques. While these savings were partially compressed by further government pricing restrictions in certain regions, our internal cost controls proved highly effective. For the remainder of 2026, the Group will further optimize internal processes and enhance operational efficiency to navigate the nationwide rollout of new social insurance policies and centralized procurement channels. Supported by these strategic initiatives, the haemodialysis segment hit a key operational milestone during the first half of 2026, successfully reversing a net loss into a net profit. Moving forward, this segment is strongly positioned to generate sustainable, long-term value for the Company and its Shareholders.

Elderly Healthcare Services

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

Renkang Elderly Care Centre operates a total of 108 beds and, in the first half of 2026, achieved an average annual bed utilisation rate of 88.8% (six months ended 30 June 2025: 87.9%). Revenue from the provision of elderly healthcare services for the Reporting Period amounted to RMB6.8 million (six months ended 30 June 2025: RMB6.9 million), representing a period-on-period decrease of 2.6%. As Renkang Elderly Care Centre is currently operating at close to maximum capacity, the decrease in revenue for the Reporting Period was mainly due to the slight fluctuation in utilisation and average spending during the Reporting Period.

During the first half of 2026, Renkang Elderly Care Centre diligently executed social insurance self-inspections and strictly aligned its operations with newly implemented price adjustment regulations. The center also expanded its clinical portfolio by introducing new medical services that strictly comply with national health insurance guidelines. These compliance reviews have successfully standardized the center's clinical protocols and optimized its pharmaceutical and medical supplies management.

To address the accelerating regional demand for elderly healthcare services, construction of the Phase Two expansion project officially commenced during the Reporting Period. Aimed at scaling capacity and elevating service quality, planning and site construction have been accelerated. Structural completion of the main facility is expected in the later part of the second half of 2026, with full commercial completion anticipated in mid to end of 2027. Upon completion, the phase two facility will substantially increase elderly care bed capacity, upgrade hardware infrastructure, and optimize the functional service layout. Specifically designed around the clinical characteristics of geriatric patients, this project is dedicated to delivering a professional, comfortable, and patient-centric care environment, effectively satisfying the region's rapidly growing demand for diversified, high-quality elderly nursing services.

Industry Outlook and Strategy

In 2026, China's healthcare industry enters a critical transitional phase as the implementation of the 15th Five-Year Plan begins to restructure the national medical landscape. For hospital operators, the market environment is characterized by strict structural rebalancing, shifting from volume-driven expansion to high-efficiency, innovation-led performance. Under the latest national directives, the traditional expansion of large, top-tier tertiary hospitals is actively restrained, with regulatory mandates systematically redirecting financial resources, clinical talent and infrastructure support toward local community clinics and primary care networks.

To address the profound macroeconomic challenges of a rapidly aging population, healthcare infrastructure is pivoting decisively toward long-term care ecosystem expansion. Policymakers are vigorously incentivizing hospital operators to diversify into rehabilitation nursing, specialized geriatric care, and the scale-up of home-based hospital beds. This realignment is designed to transition chronic and post-operative patients out of acute-care facilities, alleviating institutional overhead while meeting the evolving demand for decentralized, localized medical care.

While public medical insurance cost containment has intensified following the nationwide rollout of the DRG/DIP 3.0 payment frameworks, regulatory focus has progressively shifted from undifferentiated cost containment toward clinical empowerment. The updated 3.0 guidelines offer fairer compensation mechanisms for complex surgeries and innovative therapies, yet strictly cap routine case payouts. To mitigate this public budget tightening, government entities are actively cultivating commercial health insurance and the Long-Term Care Insurance (LTCI) system, creating a dual-funding mechanism that injects fresh private capital into the hospital sector.

Operationally, the regulatory environment presents stringent headwinds for public and private hospital operators alike. Profit margins face sustained compression from the compounding effects of the Zero-Markup Drug Policy, centralized procurement updates, and localized medical service price cuts. Furthermore, intensified sector-wide compliance and anti-corruption campaigns have structurally eliminated redundant medical procedures, effectively removing artificial volume growth. Consequently, hospital operators in 2026 are compelled to optimize their internal cost structures, adopting digital workflows and advanced clinical pathways to sustain market share.

Looking ahead through 2026 and beyond, the competitive edge for hospital operators has decisively transitioned from sales-volume growth to operational efficiency and specialized clinical innovation. Success in this reformed marketplace requires institutions to seamlessly integrate into the national Tiered Healthcare Delivery System, form collaborative public-private care networks, and demonstrate superior cost-containment capabilities. These collective transformations aim to establish a highly resilient, value-based healthcare ecosystem capable of balancing fiscal sustainability with premium clinical outcomes.

Our Strategy

The Group intends to continuously enhance its capabilities, capitalize on industry opportunities, and mitigate prevailing challenges through the following strategic measures:

- *Data-Driven Quality Assurance:* The Group will continue to advance the precision aggregation of Class 3A accreditation metrics and the implementation of data-driven key performance indicators (KPIs) across clinical departments at Kanghua Hospital, fostering a culture of continuous clinical optimization to ensure full compliance with the 2026 annual Class 3A evaluation standards.

- *Clinical Quality Enhancement:* The Group will continue to align clinical operations with Class 3A accreditation standards and statutory medical insurance mandates to refine quality control mechanisms, aiming to achieve measurable optimization in medical record documentation accuracy, rational diagnosis and treatment protocols, and the execution of core clinical regulations.

- *Risk and Compliance Mitigation:* The Group will continue to strengthen staff professional training and instituted case-specific risk alerts to effectively curb the upward trend of medical complaints and disputes, thereby reinforcing our secure healthcare environment and stable operational infrastructure.

- *Operational Efficiency Optimization:* The Group will dedicate continuous efforts to advance critical milestone projects, notably accelerating the cross-institutional mutual recognition of diagnostic test results, deploying DIP-driven clinical pathways, and implementing systematic upgrades to our Hospital Information Systems (HIS).

- *Optimize Medical Insurance Payment and Reimbursement Management:* The Group will proactively align with the newly implemented DRG/DIP 3.0 payment frameworks by migrating from crude cost containment toward precision clinical empowerment. In response to dynamic payment rate adjustments, the Group will collaborate closely with healthcare security bureaus to operationalize disease-based and procedure-oriented payment models. Furthermore, we will standardize clinical documentation and embed rigorous quality control mechanisms across all departments, ensuring flawless medical record compilation to guarantee accurate, optimized insurance settlements and mitigate compliance risks.

Future Plans for Material Investments and Capital Assets

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

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

The Kanghua Qingxi Healthcare Complex has a total construction area of more than 130,000 square meters, and the planned architectural content includes several medical technology buildings, inpatient buildings, and nursing buildings, among which we expect there will be 500 inpatient beds and about 800 nursing and rehabilitation beds. The first phase of construction covers the medical technology building, the inpatient building, and the rehabilitation building, with a total construction area of approximately 44,000 square meters. Following the successful completion of the main structural construction and safety inspections for Phase 1 in 2024, the Group has intentionally moderated the timeline for subsequent development phases. In response to the slow macroeconomic recovery, we have proactively initiated re-designs and amendments to the interior decoration layouts to optimize future operational efficiency and cost structures. Furthermore, the pace of ongoing renovation work has been intentionally slowed down to allow management to closely monitor changing market conditions before committing to an official operational opening. Consequently, interior works are now scheduled for completion within 2027. As of 30 June 2026, the total investment in Kanghua Qingxi Healthcare Complex amounted to approximately RMB246.2 million.

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

FINANCIAL REVIEW

Segment Revenue

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

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

For the six months ended 30 June 2026 (unaudited)

	Hospital services *RMB'000*	Rehabilitation and other healthcare services *RMB'000*	Haemodialysis services *RMB'000*	Elderly healthcare services *RMB'000*	Total *RMB'000*
Revenue	**830,797**	**48,392**	**51,694**	**6,750**	**937,633**
Cost of revenue	**(692,963)**	**(42,914)**	**(39,299)**	**(4,348)**	**(779,524)**
Gross profit	**137,834**	**5,478**	**12,395**	**2,402**	**158,109**
Gross profit margin	**16.6%**	**11.3%**	**24.0%**	**35.6%**	**16.9%**

For the six months ended 30 June 2025 (unaudited)

	Hospital services *RMB'000*	Rehabilitation and other healthcare services *RMB'000*	Haemodialysis services *RMB'000*	Elderly healthcare services *RMB'000*	Total *RMB'000*
Revenue	873,298	58,596	42,711	6,930	981,535
Cost of revenue	(728,511)	(51,886)	(38,792)	(3,813)	(823,002)
Gross profit	144,787	6,710	3,919	3,117	158,533
Gross profit margin	16.6%	11.5%	9.2%	45.0%	16.2%

Revenue from the Group's hospital services amounted to RMB830.8 million for the Reporting Period (six months ended 30 June 2025: RMB873.3 million), representing a period-on-period decrease of 4.9%, accounting for 88.6% (six months ended 30 June 2025: 89.0%) of the total revenue of the Group.

Revenue from hospital services comprised (i) revenue from inpatient healthcare services amounted to RMB468.6 million (six months ended 30 June 2025: RMB521.0 million), representing a period-on-period decrease of 10.1%, accounting for 50.0% (six months ended 30 June 2025: 53.1%) of the total revenue of the Group; (ii) revenue from outpatient healthcare services amounted to RMB311.0 million (six months ended 30 June 2025: RMB303.9 million), representing a period-on-period increase of 2.3%, accounting for 33.2% (six months ended 30 June 2025: 31.0%) of the total revenue of the Group; (iii) revenue from physical examination services amounted to RMB45.7 million (six months ended 30 June 2025: RMB44.3 million), representing a period-on-period increase of 3.0%, accounting for 4.9% (six months ended 30 June 2025: 4.5%) of the total revenue of the Group; and (iv) revenue from postpartum care service amounted to RMB5.5 million (six months ended 30 June 2025: RMB4.1 million), representing a period-on-period increase of 36.3%, accounting for 0.6% (six months ended 30 June 2025: 0.4%) of the total revenue of the Group.

The decrease in revenue from hospital services is primarily attributable to (i) a revenue decline across our core medical disciplines, notably cardiovascular, paediatrics, neurology, oncology, and obstetrics and gynaecology (O&G); (ii) the decrease in overall inpatient visits; and (iii) the decrease in inpatient's average spending during the Reporting Period. Furthermore, the downturn was compounded by several macroeconomic and regulatory factors, including: (i) falling nationwide birth rates that reduced maternity and paediatric ward occupancy; (ii) the rapid implementation of China's DRG and DIP payment systems that place strict flat-fee caps on medical cases; (iii) the national Tiered Healthcare Delivery System that diverts chronic care to lower-tier clinics; (iv) intensified national anti-corruption campaigns that eliminated unnecessary medical procedures and over-treatment volumes, and (v) shifts in consumer behaviour where patients delayed elective care or downgraded to basic treatments due to economic cooling. Overall, these regulatory reforms present tight operational challenges for Kanghua Hospital and Renkang Hospital, with revenue and profit margins directly impacted by the Zero-Markup Drug Policy and medical service price cuts. These policy pressures are further compounded by a slowing economy that has tightened healthcare budgets and rising provider competition that challenges our pricing and market share.

Revenue from rehabilitation and other healthcare services amounted to RMB48.4 million (six months ended 30 June 2025: RMB58.6 million), representing a period-on-period decrease of 17.4%, accounting for 5.2% (six months ended 30 June 2025: 6.0%) of the total revenue of the Group. Anhui Hualin Group is principally engaged in provision of rehabilitation services to the patients with physical or mental disabilities and other healthcare related services including care services for elderly and training services for the disabled. The decrease in revenue is mainly attributable to (i) intensifying industry competition, rigid regulatory changes, and evolving payment models that severely constrained top-line growth, leading to lower-than-expected patient volumes across our regional expansion projects; and (ii) a decline in overall patient volume, driven by a reduction in recurring cases within children's rehabilitation alongside stricter DRG restrictions on low-acuity inpatient admissions. Consequently, adult rehabilitation hospitals served as the main drag on our financial performance, as revenue streams were heavily impacted by the dual pressures of DRG payment caps and shifting health insurance policies.

Revenue from haemodialysis services amounted to RMB51.7 million (six months ended 30 June 2025: RMB42.7 million), representing a period-on-period increase of 21.0%, accounting for 5.5% (six months ended 30 June 2025: 4.4%) of the total revenue of the Group. The increase in revenue is mainly attributable to an increase in total patient visits, an expanding base of regular dialysis patients, and the steady maturation of our treatment centers. Nationally, the haemodialysis services sector demand is accelerating due to an aging population and a rising prevalence of chronic conditions like diabetes and hypertension, which expand China's kidney failure patient. This structural shift creates a highly predictable, recurring revenue stream, heavily supported by expanded national medical social insurance subsidies that make treatments more affordable. Moreover, the expansion of community-level care has broadened our regional market access, while centralized purchasing of medical supplies has lowered operational costs, sustaining strong profitability through increased patient volumes.

Revenue from elderly healthcare services represents the provision of elderly healthcare services at our Renkang Elderly Care Centre, which amounted to RMB6.8 million (six months ended 30 June 2025: RMB6.9 million), representing a period-on-period decrease of 2.6%, accounting for 0.7% (six months ended 30 June 2025: 0.7%) of the total revenue of the Group. As Renkang Elderly Care Centre is currently operating at close to maximum capacity, the decrease in revenue for the Reporting Period was mainly due to the slight fluctuation in utilisation and average spending during the Reporting Period.

Cost of Revenue

Cost of revenue of the Group's hospital services segment (consisting of inpatient healthcare services, outpatient healthcare services, physical examination services and postpartum care service) primarily consisted of pharmaceuticals, medical consumables, staff cost, depreciation, service expenses, utilities expenses, rental expenses and other costs. Cost of revenue of the Group's hospital services segment decreased to RMB693.0 million (six months ended 30 June 2025: RMB728.5 million), representing a period-on-period decrease of 4.9%. The decrease was primarily attributable to reduced operational volumes, more stringent cost-containment measures, and a reduction in direct personnel expenses. Furthermore, the decline was driven by a reduction in pharmaceutical and medical supply expenses, which is in line with lower patient volumes.

Cost of revenue of the Group's rehabilitation and other healthcare services segment amounted to RMB42.9 million (six months ended 30 June 2025: RMB51.9 million), representing a period-on-period decrease of 17.3%, and primarily consisted of staff costs, medical consumables, depreciation, utilities and rental expenses. Staff costs are salaries and benefits for healthcare professionals, including physical therapists, occupational therapists, speech therapists, and nursing staff involved in patient care. Medical consumables are therapeutic supplies associated with purchasing and maintaining rehabilitation equipment (e.g., treadmills, weights, adaptive devices) and consumable supplies. The decrease in cost of revenue within our rehabilitation and healthcare services segment was primarily driven by a reduction in business volume and lower personnel costs resulting from a decrease in professional headcount.

Cost of revenue of the Group's haemodialysis services segment amounted to RMB39.3 million (six months ended 30 June 2025: RMB38.8 million), representing a period-on-period increase of 1.3%, and primarily consisted of staff costs, medical consumables, depreciation, utilities and rental expenses. Direct staff costs include expenses related to the salaries and benefits of healthcare professionals, such as nephrologists, nurses, and technicians who provide dialysis treatments. Medical consumables refer to medical supplies and costs associated with the purchases and maintenance of dialysis machines, tubing, filters, and other consumables necessary for each treatment session. Facility overhead such as utility expenses relates to the operational costs of the dialysis centres, including rent, water and electricity and maintenance of the facility. Other costs are expenses related to ancillary services, such as lab tests and cleaning and waste treatment. The increase in cost of revenue within our haemodialysis services segment is primarily attributable to the increase in business operations, which corresponds with the overall increase in total revenue generated from this segment.

Cost of revenue of the Group's elderly healthcare services represents the cost of revenue at Renkang Elderly Care Centre, which amounted to RMB4.3 million (six months ended 30 June 2025: RMB3.8 million), representing a period-on-period increase of 14.0%, which mainly represent the cost of services including direct staff cost and consumables incurred at the elderly care centre. The increase was mainly driven by higher direct staff costs and direct operating expenditures. Furthermore, the rise in costs reflects our strategic investments to upgrade clinical service quality, expand recreational and therapeutic activities for our resident seniors, and implement more rigorous quality control protocols across the facility.

During the Reporting Period, pharmaceuticals, medical consumables and staff cost accounted for approximately 29.0% (six months ended 30 June 2025: 26.8%), 22.8% (six months ended 30 June 2025: 25.1%) and 33.0% (six months ended 30 June 2025: 34.5%), respectively, of the total cost of revenue of the Group. The expansion in the proportion of pharmaceutical costs reflects a changing patient mix. Outpatient visits for recurring prescription refills remained steady despite a decline in inpatient admissions. Consequently, a reduced volume of surgical procedures caused drug expenditures to account for a larger percentage of our overall operational costs. Our total staff-related costs, including salaries, bonuses, and other benefits, decreased by 9.4% compared to the prior period, primarily due to a reduction in professional headcount and lower bonus distributions during the Reporting Period.

Gross Profit and Gross Profit Margin

Total gross profit of the Group amounted to RMB158.1 million (six months ended 30 June 2025: RMB158.5 million), representing a period-on-period decrease of 0.3%. The overall gross profit margin improved slightly to 16.9% (six months ended 30 June 2025: 16.2%), primarily due to: (i) a reduction in professional headcount, which lowered direct labour and other operational costs; (ii) an increase in revenue from outpatient and physical examination services; (iii) higher average spending per outpatient visit; and (iv) the continuous improvement in the operational performance of our haemodialysis services segment.

Other Income

The other income of the Group primarily consisted of bank and other interest income, investment income from financial assets at FVTPL, government subsidies, fixed operating lease income (rental income), clinical trial and related income and others. During the Reporting Period, other income amounted to RMB13.7 million (six months ended 30 June 2025: RMB22.8 million), representing a period-on-period decrease of 39.8%, primarily attributable to (i) the decrease in rental income to RMB2.2 million (six months ended 30 June 2025: RMB8.2 million). Rental income primarily comprised rents received from staff for the use of staff quarters, as well as leasing arrangements for the café and shops within our hospital premises. During the first half of 2025, the Group recognized RMB6.0 million in effective rental income under a 20-year lease agreement for Phase 1 of the hospital building in Chongqing. Following the disposal of the remaining 45% equity interest during the current interim period, no such rental income was recorded; (ii) a decrease in investment income from financial assets at FVTPL to RMB1.3 million (six months ended 30 June 2025: RMB3.5 million), primarily due to a decrease in amount of structured deposits being placed during the Reporting Period; (iii) government related subsidies amounted to RMB0.7 million (six months ended 30 June 2025: RMB0.1 million); (iv) clinical trial and related income amounted to RMB1.2 million (six months ended 30 June 2025: RMB0.03 million); (v) a decrease in bank and other interest income to RMB0.9 million (six months ended 30 June 2025: RMB2.3 million); and (vi) offset by an increase in local health service income to RMB5.1 million (six months ended 30 June 2025: RMB2.8 million).

Other Expenses, Gains and Losses

The other expenses, gains and losses of the Group primarily consisted of gain/(loss) on disposals of property, plant and equipment, donations and net exchange gain/(loss). During the Reporting Period, other expenses, gains and losses amounted to a net loss of RMB2.9 million (six months ended 30 June 2025: net loss of RMB1.8 million), primarily attributable to (i) a recorded net exchange loss of RMB1.8 million (six months ended 30 June 2025: net exchange loss of RMB1.8 million) mainly arising from our Hong Kong dollar denominated financial assets; (ii) a recorded loss on disposal of property, plant and equipment of RMB0.09 million (six months ended 30 June 2025: gain on disposal of RMB0.06 million); and (iii) donations of RMB1.0 million (six months ended 30 June 2025: nil).

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

During the Reporting Period, impairment losses under expected credit loss model recorded a net provision of RMB2.7 million (six months ended 30 June 2025: RMB10.2 million). The net provision for the Reporting Period is mainly attributable to: (i) specific provisions were made to certain receivables from social security bureau and written-off during Reporting Period following a regular review conducted by the bureau; (ii) the effects of increase in the Group's accounts receivable aging and deterioration in credit rating of certain corporate customers and outstanding debts from patients; and (iii) a reversal of provision for an amount due from Kangxin Hospital of RMB6.8 million. In the past years, the Group has increased its efforts to recover overdue debts, including recovering receivables from patients through legal actions, as well as tightening credit reviews given to corporate customers.

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

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

Administrative Expenses

The administrative expenses of the Group primarily consisted of staff costs, repairs and maintenance expenses, office expenses, depreciation and amortisation, rental expenses, utilities expenses, entertainment and travelling expenses and other expenses. During the Reporting Period, administrative expenses amounted to RMB102.3 million (six months ended 30 June 2025: RMB108.8 million), representing a period-on-period decrease of approximately 5.9%. This decrease was primarily driven by ongoing initiatives to enforce stringent cost-control policies during the Reporting Period. Consequently, staff costs, repairs and maintenance expenses, and office expenses recorded decreases of 11.6%, 5.6%, and 3.9% period-on-period, respectively.

Finance Costs

Finance costs for the Reporting Period amounted to RMB10.3 million (six months ended 30 June 2025: RMB8.1 million), representing a period-on-period increase of 26.9%. Finance costs for the Reporting Period represent (i) interest on bank loans raised of RMB5.0 million (six months ended 30 June 2025: RMB5.6 million); and (ii) the interest element relating to lease liabilities charged to profit or loss of RMB5.3 million (six months ended 30 June 2025: RMB2.5 million).

Income Tax Expenses

The income tax expenses of the Group primarily consisted of PRC enterprise income tax, Hong Kong Profits Tax and deferred tax. In the first half of 2026, income tax expenses amounted to RMB12.4 million (six months ended 30 June 2025: RMB20.4 million), representing a period-on-period decrease of approximately 39.1%. The subsidiaries of the Group in the PRC are generally subject to income tax rate of 25% on their respective taxable income. The decrease in income tax expenses was primarily due to the decrease in profits generated at Kanghua Hospital during the Reporting Period.

Profit for the Period

The Group recorded profit for the Reporting Period amounted to RMB36.0 million (six months ended 30 June 2025: RMB32.6 million), and profit attributable to the shareholders amounted to RMB38.3 million (six months ended 30 June 2025: RMB41.6 million).

Adjusted EBITDA

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

The following table sets out the reconciliation from profit before tax to Adjusted EBITDA and explanation notes:

		For the six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Profit for the period		**35,988**	32,571
Add: Income tax expense		**12,427**	20,413
Profit before tax (IFRS measure)		**48,415**	52,984
Add: Finance costs	(i)	**10,299**	8,113
Add: Depreciation of right-of-use assets	(i)	**49,169**	21,345
Add: Depreciation of property, plant and equipment	(i)	**49,268**	48,190
EBITDA (non-IFRS measure)		**157,151**	130,632
Less: Investment income from structured bank deposits	(ii)	**(1,266)**	(3,517)
Add: Loss on change in fair value of investment property	(iii)	**13,718**	300
Add: Exchange loss	(iv)	**1,786**	1,839
Less: Bank and other interest income	(v)	**(869)**	(2,288)
Adjusted EBITDA (non-IFRS measure)		**170,520**	126,966

Notes:

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

(ii) Investment income from structured bank deposits represents investment income earned by the Group which primarily includes interest income from structured bank deposits purchased by the Group. As part of the Group's cash management policy to manage excess cash, the Group purchased investment products from financial institutions to achieve higher interest income without interfering with the business operations or capital expenditures. Such structured bank deposits do not form part of the Group's core business operations. In the opinion of the Directors, the income associated with the structured bank deposits is not reflective of the daily business operations of the Group, and the removal of such income would enable the users of the financial information to better understand the core operating performance of the Group.

(iii) Fair value loss of investment property represents fair value changes of an investment property held by the Group (a medical facility located in Chongqing) under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment property. In the opinion of the Directors, such fair value gains or losses associated with the investment property are not reflective of the daily business operations of the Group, and the removal of fair value gains or losses would enable the users of the financial information to better understand the core operating performance of the Group.

(iv) Exchange loss/(gain) represents the financial impact in movements of exchange rates primarily on the Group's portfolio investment fund, bank balances and fixed bank deposits which are denominated in Hong Kong dollars. Other than the portfolio investment fund, bank balances and fixed bank deposits, the Group does not have other significant foreign currency denominated financial assets and liabilities. In the opinion of the Directors, such exchange gains or losses associated with portfolio investment fund, bank balances and fixed bank deposits are not reflective of the daily business operations of the Group, and the removal of exchange gains or losses would enable the users of the financial information to better understand the core operating performance of the Group.

(v) Bank and other interest income primarily represents interest income from bank deposits from the savings accounts. In the opinion of the Directors, such interest income is not reflective of the daily business operations of the Group, and the removal of such interest income would enable the users of the financial information to better understand the core operating performance of the Group.

FINANCIAL POSITION

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

During the Reporting Period, the Group acquired property, plant and equipment and incurred expenditure on construction in progress of RMB30.5 million and RMB0.01 million (six months ended 30 June 2025: RMB43.6 million and RMB3.7 million), respectively, mainly for the purpose of (i) upgrading and expanding the service capacity of our hospital operations; and (ii) the construction for the development of our Kanghua Qingxi Healthcare Complex.

As at 30 June 2026, the Group had right-of-use assets of RMB434.3 million (31 December 2025: RMB218.3 million) which includes leasehold lands of RMB181.2 million (31 December 2025: RMB183.4 million) and leasehold land and buildings relating to leases of RMB253.0 million (31 December 2025: RMB34.9 million). During the Reporting Period, the Group entered into new lease agreements for the use of properties in the PRC for 2 to 6 years (six months ended 30 June 2025: for the use of properties in the PRC for 4 to 15 years). The Group is required to make fixed monthly payments. On commencement of the leases, the Group recognised right-of-use assets and lease liabilities of RMB265.2 million (six months ended 30 June 2025: RMB10.8 million) each relating to those new leases.

As at 30 June 2026, the Group had deposits paid for acquisition of property, plant and equipment amounting to RMB21.0 million (31 December 2025: RMB6.7 million). The deposits mainly represent deposits paid for construction cost of Phase II medical facility located in Chongqing and amount paid for acquisition of new medical equipment and other new facilities as the Group continues to upgrade its medical facilities and expand its operation capacity.

Investment Property

As at 30 June 2026, the Group's investment property represented land and building, being the Phase I medical facility located in Chongqing, held under operating leases to earn rentals or for capital appreciation purpose and are measured using the fair value model. The Phase II medical facility remained as leasehold land and building held by Chongqing Kanghua Zhonglian Healthcare Management Co., Ltd.* (重慶康華眾聯醫療管理有限公司) ("**Chongqing Kanghua Property**") (a wholly-owned subsidiary of the Company), and was not transferred to investment property. During the Reporting Period, a decrease in fair value of RMB13.7 million (six months ended 30 June 2025: RMB0.3 million) was recognised in profit or loss. As at 30 June 2026, the Group's investment property was measured using the fair value model with carrying amount of RMB208.6 million (31 December 2025: RMB217.5 million).

Loan to a Related Party

On 19 May 2026, a loan agreement was entered into among Renkang Hospital, Dongguan Tongli Enterprise Co., Ltd. (東莞市同力實業有限公司) ("**Tongli Enterprise**") (a limited liability company established in the PRC of which certain key management personnel of the Group have ownership interest) (as the Borrower) and Renkang Elderly Care Centre, pursuant to which the Lender has agreed to grant a non-interest bearing loan to the Borrower of an aggregate principal amount not exceeding RMB28.0 million for a term of two years from the date of the first drawdown. The loan is to be used by the Borrower for the construction of a new elderly care centre building complex on the Borrower's land to accommodate the expansion of Renkang Elderly Care Centre, which shall be constructed strictly in accordance with the design plans, specifications, technical requirements and construction schedule determined by the Lender and Renkang Elderly Care Centre, and shall be leased to Renkang Elderly Care Centre upon completion. The loan is secured by the guarantee executed by Mr. Wang Junyang (the Guarantor), the chairman and an executive director of the Group, in favour of the Lender. Details of the loan arrangements are set out in the Company's announcement dated 19 May 2026. During the Reporting Period, Renkang Hospital has advanced a loan of RMB10.0 million to Tongli Enterprise.

Accounts and Other Receivables

The account receivables of the Group primarily consisted of balances due from social insurance funds, certain corporate customers and individual patients. As at 30 June 2026, accounts receivables amounted to RMB226.9 million (31 December 2025: RMB233.6 million), of which 72.2% (31 December 2025: 73.4%) were aged within 90 days. Average accounts receivables turnover days for the Reporting Period is 44.4 days (31 December 2025: 46.3 days). The decrease in both the accounts receivable balance and turnover days was primarily driven by lower outstanding balances due from social insurance funds, government authorities, and corporate customers, reflecting the overall contraction in business operations during the Reporting Period. As at 30 June 2026, the Group has carried out credit assessment on its accounts and other receivables and a net provision of impairment loss of RMB9.5 million (six months ended 30 June 2025: RMB10.2 million) has been charged to profit or loss during the Reporting Period.

The other receivables of the Group primarily consisted of prepayments to suppliers and others. As at 30 June 2026, total other receivables amounted to RMB60.2 million (31 December 2025: RMB49.7 million) and primarily comprised (i) prepayments to suppliers of RMB10.5 million (31 December 2025: RMB9.1 million); (ii) consideration receivable of RMB7.5 million arising from the disposal of remaining 45% equity interest in Kangxin Hospital during the Reporting Period; and (iii) other receivables comprising prepayments to other non-trade suppliers, security deposits and other prepaid expenses and others amounted to RMB46.2 million (31 December 2025: RMB42.7 million), which is offset by a net provision expected for credit loss of RMB4.1 million (31 December 2025: RMB2.1 million).

Accounts and Other Payables and Provision

The accounts and other payables and provision of the Group primarily consisted of accounts payable, accrued expenses, receipts in advance, payables for acquisition of property, plant and equipment, provision for medical dispute claims, other tax payables and others. As at 30 June 2026, accounts and other payables and provisions increased to RMB783.1 million (31 December 2025: RMB777.3 million) primarily attributable to: (i) an increase in accounts payable to RMB411.0 million (31 December 2025: RMB387.0 million) primarily due to the expansion of haemodialysis service operations and delayed payments resulting from a more stringent cash-flow management policy of the Group; (ii) a decrease of accrued expenses to RMB73.2 million (31 December 2025: RMB84.2 million); (iii) a decrease in receipt in advance to RMB239.0 million (31 December 2025: RMB241.1 million), which mainly represents temporary funds received from social security insurance fund; and (iv) a decrease in payables for acquisition of property, plant and equipment to RMB35.6 million (31 December 2025: RMB36.9 million); and (v) a decrease in provision for medical dispute claims to RMB1.9 million (31 December 2025: RMB5.1 million), comprising a net reversal of provision for the Reporting Period of RMB1.9 million (six months ended 30 June 2025: a net provision of RMB2.7 million).

Net Current Assets and Net Assets

As at 30 June 2026, the Group recorded net current assets of RMB98.3 million (31 December 2025: RMB283.3 million) and net assets position of RMB1,508.4 million (31 December 2025: RMB1,526.3 million).

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources

As at 30 June 2026, the Group continued to maintain a good financial position with cash and cash equivalents of RMB240.9 million (31 December 2025: RMB232.8 million), fixed bank deposits of RMB56.4 million (31 December 2025: RMB59.4 million) and restricted bank balances of RMB0.04 million (31 December 2025: RMB0.8 million). The Group continues to generate steady cash flow from operations. Taking into account sufficient cash and bank balances, in the opinion of the directors of the Company, the Group will have adequate and sufficient liquidity and financial resources to meet the working capital requirement of the Group for at least the next twelve months following the end of the Reporting Period.

As at 30 June 2026, as part of the Group's cash management activities, the Group had investments (classified as financial assets at FVTPL) in aggregate of RMB432.6 million (31 December 2025: RMB482.6 million), primarily consisting of, (i) a fund investment of RMB32.6 million (31 December 2025: RMB32.6 million). In 2021, the Group entered into a partnership agreement with two independent third parties for the establishment of a fund, namely, Guangdong Bosong Kanghua Equity Investment Partnership, L.P. (廣東鉑頌康華股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC. The purpose of the fund is to achieve investment returns and capital appreciation through carrying out investment, investment management and other activities in accordance with PRC laws, business scope under business registration, and the partnership agreement. To the extent permitted by the applicable laws, the fund will invest primarily in the fields of medical services, biotechnology, medical equipment, and medical informatics. The initial term of the fund shall be seven years. As at 30 June 2026, the fund had made equity investments in two (31 December 2025: two) unlisted companies and the aggregate carrying amounts of the equity investments was RMB32.6 million (31 December 2025: RMB32.6 million), which were measured at fair values; and (ii) structured short-term bank deposits of RMB400.0 million (31 December 2025: RMB450.0 million), representing low-risk structured investment products issued by commercial banks in the PRC for variable investment returns. Majority of these structured deposits are with maturities of less than six months and the principal is generally renewed when matured.

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

Cash Flow Analysis

The table below sets forth the information as extracted from the condensed consolidated statement of cash flow (unaudited) of the Group for the periods indicated:

		For the six months ended 30 June	
	Change	**2026**	2025
		RMB'000	*RMB'000*
Net cash flow from operating activities	-1.1%	**145,080**	146,758
Net cash flow from/(used in) investing activities	N/A	**1,262**	(10,663)
Net cash flow used in financing activities	+513.4%	**(138,218)**	(22,534)
Net increase in cash and cash equivalents		**8,124**	113,561

Net cash flow from operating activities

During the Reporting Period, the net cash flow from operating activities amounted to RMB145.1 million (six months ended 30 June 2025: RMB146.8 million), representing a period-on-period decrease of 1.1%. The positive and stable operating cash inflow demonstrates the Group's robust capability in generating sustainable cash flows from its core operations.

Net cash flow from/(used in) investing activities

During the Reporting Period, the net cash flow from investing activities amounted to RMB1.2 million (six months ended 30 June 2025: net cash flow used of RMB10.7 million), which is primarily attributable to (i) cash flow from disposal of the remaining 45% equity interest in Kangxin Hospital of RMB1.0 million (six months ended 30 June 2025: net cash flow from disposal of 55% equity interest in Kangxin Hospital and other subsidiaries of Anhui Hualin Group in total of RMB31.3 million); (ii) an advance made to Kangxin Hospital (was our associate company during 2025) of RMB17.2 million during the first half of 2025 to support its operations (nil for the Reporting Period); (iii) a decrease in purchase of property, plant and equipment to RMB21.2 million (six months ended 30 June 2025: RMB26.9 million); (iv) an increase in deposits paid for acquisition of property, plant and equipment to RMB18.1 million (six months ended 30 June 2025: RMB5.9 million); and (v) loan to Tongli Enterprise of RMB10.0 million during the Reporting Period (six months ended 30 June 2025: nil).

Net cash flow used in financing activities

During the Reporting Period, the net cash flow used in financing activities amounted to RMB138.2 million (six months ended 30 June 2025: RMB22.5 million), representing a period-on-period increase of 513.4%, which is primarily attributable to (i) new bank loan raised of RMB15.9 million (six months ended 30 June 2025: RMB63.3 million); (ii) the Group made a net repayment to non-controlling shareholders of subsidiaries of RMB47.0 million during the first half of 2025 (nil for the Reporting Period); and (iii) repayment of bank loans of RMB101.0 million (six months ended 30 June 2025: RMB1.0 million).

Acquisition and Disposal

Disposal of Remaining 45% Equity Interest in Kangxin Hospital

On 23 March 2026, the Company entered into the equity transfer agreement with an independent third-party, Beijing Fazheng Industrial Group Co., Ltd. (北京法政實業集團有限公司) ("**Beijing Fazheng**"), a company established in the PRC, for the disposal of the Company's remaining 45% equity interest in Kangxin Hospital at a consideration with reference to Kangxin Hospital's revenue for the year ended 31 December 2025 and its outstanding operating liabilities as at 31 March 2026 and was estimated at approximately RMB8.5 million. Details of the disposal are set out in the Company's announcement dated 23 March 2026.

The disposal was completed on 15 April 2026. Upon the completion of the disposal, Kangxin Hospital has ceased to be an associate of the Company and the financial results of Kangxin Hospital were no longer accounted for under equity method in the condensed consolidated financial statements of the Company. At the date of disposal of Kangxin Hospital, the Group has recognised a gain on disposal of approximately RMB8.5 million.

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

Cash Management Activities

As part of the Group's cash management, the Group has from time to time purchased investment products (structured bank deposits) issued by a reputable PRC commercial bank with terms ranging from 91 days to 364 days and investment funds to achieve higher interest income without interfering with business operations or capital expenditures. The investment products are not rated by any credit rating agency but is classified as low-risk by the issuing bank and may involve liquid listed securities. The Group carefully balances the risks and returns associated with the investment products when making the investment decisions. The senior management of the Group is closely involved in scrutinizing any decision of the Group to purchase investment products. Furthermore, the Group has also invested in investment fund and equity investment fund for the purpose of generating long-term investment returns. It has been the strategy of the Group to explore new potential investments projects and capital market investments in order to diversify business risk as well as broaden income source and spectrum of the Group and eventually maximizing shareholders' values. The Company considers that these investment funds involve scopes that cover quality capital market stocks and high value-added health industries which are in line with PRC's development trajectories in the healthcare and technology space which is highly relevant to the Group's core business. The Directors consider that, through appropriate market screening of investment projects by the funds, they will in the long term be a reasonable investment of the Company and certain of which, may facilitate the Group's entry into the relevant healthcare space and establishing strategic cooperation with relevant players in the market.

Capital Expenditure

The Group regularly makes capital expenditures to expand its operations, maintain its medical facilities and improve its operating efficiency. Capital expenditure primarily consists of purchases of property, plant and equipment. The capital expenditure of the Group during the Reporting Period was RMB30.5 million (six months ended 30 June 2025: RMB47.3 million). The Group has financed its capital expenditure mainly through cash flows generated from operating activities and bank loans.

USE OF PROCEED FROM THE INITIAL PUBLIC OFFERING

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

Up to 30 June 2026, of the net proceeds from the initial public offering, (i) RMB78.3 million, representing approximately 10% of the net proceeds, have been fully utilised and used as general working capital; (ii) RMB134.7 million, representing approximately 17.2% of the net proceeds, have been utilised and used on expansion of our current operations and upgrading our hospital's facilities; and (iii) RMB208.8 million, representing approximately 26.7% of the net proceeds, have been utilised and used for acquisition and potential acquisition of businesses. As at 30 June 2026, out of the balance of the unutilised net proceeds of RMB360.8 million, part of such proceeds have been used to purchase certain financial products (classified as financial assets at FVTPL) or placed in fixed bank deposits to achieve higher interest income and capital return without interfering with our business operations or capital expenditures to earn better return on our excess cash balance, and the remaining balance have been kept at the bank accounts of the Group (included in bank balances and cash). As at the date of this announcement, the Company does not anticipate any material change to its plan on the use of proceeds as stated in the Prospectus.

INDEBTEDNESS

Bank Loans

As at 30 June 2026, the Group had a secured bank loan of carrying amount of RMB89.5 million (31 December 2025: RMB77.4 million) and an unsecured bank loan of carrying amount of RMB115.8 million (31 December 2025: RMB213.0 million).

As at 30 June 2026, the Group had two bank loan facilities and details are as follows:

(i) RMB330.0 million fixed asset facility agreement (固定資產貸款合同) with Bank of Dongguan Co., Ltd. and carries variable interest rate using five-year LPR (Loan Prime Rate) (貸款基礎利率) offered by the People's Bank of China plus 0.5%, at each drawn down date and adjusted annually. Loan principal can be drawn down up to 25 April 2026 with full repayment term of 15 years from each drawn down date. As at 30 June 2026, the carrying amount of this variable-rate secured bank loan amounted to RMB89.5 million (31 December 2025: RMB77.4 million). The main purpose of the loan is to finance payments for the construction development and fixed assets purchase of the Kanghua Qingxi Healthcare Complex (the Group's elderly medical and healthcare complex development in Qingxi Town, Dongguan City). The bank loan is secured with (i) financial guarantees provided by the Company and Mr. Wang Junyang, the chairman of the Company; and (ii) pledge of leasehold land held by a subsidiary of the Company with carrying amount of approximately RMB75.0 million as at 30 June 2026 (31 December 2025: RMB75.9 million).

(ii) RMB299.0 million revolving credit facility agreement (循環額度貸款合同) with Bank of Dongguan Co., Ltd. and carries variable interest rate using one-year LPR (Loan Prime Rate) (貸款基礎利率) offered by the People's Bank of China plus 0.85%, at each drawn down date and adjusted annually. Loan principal can be drawn down up to 29 May 2026 with full repayment term of 3 years from each drawn down date. As at 30 June 2026, the carrying amount of this variable-rate unsecured bank loan amounted to RMB115.8 million (31 December 2025: RMB213.0 million). The main purpose of the loan is to provide extra operating cash flow for Kanghua Hospital. The bank loan is unsecured with financial guarantees provided by the Company and Mr. Wang Junyang, the chairman of the Company.

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

Contingent Liabilities

The Group is subject to legal proceedings and claims in the ordinary course of business primarily arising from medical disputes brought by patients. Provision for medical disputes is made based on the status of potential and active claims outstanding as at the end of the relevant period, and primarily taking into account any judicial appraisal or court determination against the Group. As at 30 June 2026, the total stated claim amount of the Group's on-going medical disputes was RMB6.0 million (31 December 2025: RMB9.6 million) and there were certain medical disputes without claim amount stated. Based on the Group's assessment, as at 30 June 2026, RMB1.9 million (31 December 2025: RMB5.1 million) had been provided and included in accounts and other payables and provisions of the Group. The cash outflow of remaining claim amount of RMB4.1 million (31 December 2025: RMB4.0 million) cannot be determined with sufficient reliability prior to judicial appraisals. Accordingly, no provision is made in this regard.

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

Pledge of Assets

As at 30 June 2026, leasehold land (included in right-of-use assets) with net carrying amount of RMB75.0 million (31 December 2025: RMB75.9 million) had been pledged to secure a banking facility granted to the Group.

Capital Commitments

The capital commitments of the Group were primarily attributable to construction costs relating to the expansion and renovation of the Group's medical facilities. As at 30 June 2026, the capital commitments in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial information were RMB101.5 million (31 December 2025: RMB118.2 million).

Financial Instruments

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

Exposure to fluctuation in Exchange rates

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

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

Gearing Ratio

As at 30 June 2026, the Group's gearing ratio (total interest-bearing bank loans divided by total equity and multiplied by 100%) was 13.6% (31 December 2025: 19.0%).

EMPLOYEES, REMUNERATION POLICIES AND TRAINING SCHEMES

The Group's comprehensive staff remuneration policy comprises basic salary determined with reference to the individual's position, seniority and length of service, performance bonus determined with reference to the metrics specific to the individual's job function and other benefits. The Group regularly benchmarks against available market data and adjusts its remuneration structure with a view to remaining competitive. As at 30 June 2026, the Group had a total of 3,593 (31 December 2025: 3,728) full-time staff. Total staff related costs for the Reporting Period (excluding directors' and supervisors' emoluments) amounted to approximately RMB290.5 million (six months ended 30 June 2025: RMB314.8 million). The Group endeavours to ensure that the compensation level of its employees remains competitive and in line with market conditions and its employees are appropriately rewarded based on their performance within the general framework of the Group's salary and bonus system.

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

EVENTS AFTER THE REPORTING PERIOD

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

REVIEW OF INTERIM RESULTS

The audit committee of the Company (the "**Audit Committee**") has reviewed the Group's interim results for the six months ended 30 June 2026 and has opined that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made by the Company.

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

The auditor of the Company has also reviewed the Group's interim results for the six months ended 30 June 2026 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the Hong Kong Institute of Certified Public Accountants.

CHANGES IN THE BOARD AND THE INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

Changes in the Board since the publication of the 2025 annual report of the Company and as at the date of this announcement are set out below:

With effect from 30 June 2026, (i) Dr. Chen Keji has resigned as an independent non-executive Director and ceased to be a member of each of the Audit Committee and nomination committee of the Company (the "**Nomination Committee**"); and (ii) Mr. Chen Weixiong has been appointed as an independent non-executive Director and a member of each of the Audit Committee and Nomination Committee.

Save as disclosed above, there was no change in the Board and any information of each Directors, supervisors and chief executives that is required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Hong Kong Listing Rules since the publication date of the 2025 annual report of the Company.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE HONG KONG LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Hong Kong Listing Rules.

PUBLICATION OF THE 2026 CONDENSED CONSOLIDATED INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.kanghuagp.com). The 2026 interim report of the Company containing all the information required by the Hong Kong Listing Rules will be dispatched (if necessary) to the shareholders of the Company and made available on the above websites in due course.

APPRECIATION

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

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

Hong Kong
31 August 2026

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

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

Independent non-executive Directors:
Mr. Chan Sing Nun
Ms. Lam Shiu Ling Cecilia
Mr. Chen Weixiong

Non-executive Director:
Mr. Jiang Xiwen

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

* *English translated name for identification purpose only.*