温州康寧醫院股份有限公司

Wenzhou Kangning Hospital Co., Ltd.

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

Stock code: 2120

2026
INTERIM REPORT

Contents

Corporate Information

Board of Directors

Executive Directors

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

Non-executive Directors

Mr. QIN Hao
Mr. LI Changhao
Mr. XU Yongjiu *(Appointed on September 4, 2026)*

Independent Non-executive Directors

Ms. ZHONG Wentang
Ms. JIN Ling
Mr. SZETO Wing Fu *(Appointed on June 30, 2026)*

Audit Committee

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

Nomination Committee

Mr. SZETO Wing Fu *(Chairman)*
Mr. GUAN Weili
Ms. JIN Ling

Remuneration Committee

Ms. JIN Ling *(Chairman)*
Ms. ZHONG Wentang
Mr. SZETO Wing Fu

Strategy and Risk Management Committee

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

Supervisory Committee

Mr. XU Ning *(Chairman)*
Ms. RUAN Tingting *(Appointed on June 30, 2026)*
Mr. XIE Tiefan
Mr. QIAN Chengliang
Mr. XU Yongjiu *(Resigned on August 14, 2026)*

Company Secretary

Mr. WANG Jian
Mr. WONG Wai Chiu *(Resigned on August 10, 2026)*

Authorized Representatives

Mr. GUAN Weili
Mr. WANG Jian *(Appointed on August 10, 2026)*
Mr. WONG Wai Chiu *(Resigned on August 10, 2026)*

Auditor

BDO China Shu Lun Pan Certified Public Accountants LLP

Legal Advisor as to Hong Kong Laws

Clifford Chance

Registered Office and Head Office in the PRC

Shengjin Road
Huanglong Residential District
Wenzhou, Zhejiang
PRC

Corporate Information

Principal Place of Business in Hong Kong

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248 Queen's Road East
Wanchai
Hong Kong

H Share Registrar

Computershare Hong Kong Investor Services Limited
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Stock Code

2120

Company's Website

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Investor Relations

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Financial Highlights

Principal Financial Data and Indicators

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

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

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

Management Discussion and Analysis

Business Review and Outlook

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

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

Management Discussion and Analysis

Psychiatric Healthcare Business

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

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

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

Management Discussion and Analysis

Elderly Healthcare Business

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

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

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

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

Management Discussion and Analysis

Financial Review

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

Revenue and Cost of Revenue

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

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

	For the six months ended June 30,	
	2026	2025
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Revenue from operating owned hospitals	709,707	690,903
Including: Revenue from psychiatric healthcare business	494,396	489,760
Revenue from elderly healthcare business	215,311	201,143
Revenue from other healthcare related business	119,410	46,753
Other revenue not related to healthcare business	364	906
Total revenue	829,481	738,562

Management Discussion and Analysis

Revenue and cost of revenue from operating its owned hospitals

Revenue from operating its owned hospitals consists of fees charged for outpatient visits and inpatient services at the Group's various hospitals ("Billing Revenue"), which can be divided into treatment and general healthcare services and pharmaceutical sales. Meanwhile, there are variable considerations for medical services provided by the Group, primarily comprising medical insurance settlement differences.

The table below sets forth a breakdown of the Billing Revenue of the Group's owned hospitals adjusted to operating revenue by psychiatric healthcare business and elderly healthcare business for the periods indicated:

	For the six months ended June 30,	
	2026	2025
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Billing Revenue from owned hospitals	695,921	722,440
Including: Revenue from psychiatric healthcare business	488,038	515,802
Revenue from elderly healthcare business	207,883	206,638
Less: Variable considerations	-13,786	31,537
Revenue from operating owned hospitals – net	709,707	690,903

During the Reporting Period, the Group's Billing Revenue from its owned hospitals amounted to RMB695.9 million, representing a decrease of 3.7% compared with the same period of 2025, mainly due to the decrease in income driven by the decrease in average outpatient spending per visit and average inpatient spending per day per bed. During the Reporting Period, variable considerations amounted to RMB-13.8 million, representing a decrease of RMB45.3 million compared with the same period of 2025. The proportion of variable considerations to Billing Revenue decreased to -2.0% (for the six months ended June 30, 2025: 4.4%).

Management Discussion and Analysis

The table below sets forth a breakdown of the Billing Revenue, cost of revenue and gross profit of the Group's owned hospitals by psychiatric healthcare business and elderly healthcare business for the periods indicated:

	For the six months ended June 30,	
	2026	2025
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Billing Revenue from psychiatric healthcare business	488,038	515,802
Cost of revenue	352,818	351,923
Gross profit	135,220	163,879
Billing Revenue from elderly healthcare business	207,883	206,638
Cost of revenue	179,396	171,970
Gross profit	28,487	34,668

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

Management Discussion and Analysis

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

Psychiatric healthcare business

	For the six months ended June 30,	
	2026 (Unaudited)	2025 (Unaudited)
Inpatients		
Inpatient bed as at period end	8,528	8,918
Effective inpatient service bed-day capacity	1,543,568	1,614,158
Utilization rate *(%)*	90.3	88.1
Number of inpatient bed-days	1,394,373	1,422,112
Treatment and general healthcare services revenue attributable to inpatients *(RMB'000)*	368,484	387,395
Average inpatient spending per bed-day on treatment and general healthcare services *(RMB)*	264	272
Pharmaceutical sales revenue attributable to inpatients *(RMB'000)*	39,945	44,393
Average inpatient spending per bed-day on pharmaceutical sales *(RMB)*	29	31
Total inpatient revenue *(RMB'000)*	408,429	431,788
Total average inpatient spending per bed-day *(RMB)*	293	304
Outpatients		
Number of outpatient visits	208,483	308,444
Treatment and general healthcare services revenue attributable to outpatients *(RMB'000)*	20,153	21,140
Average outpatient spending per visit on treatment and general healthcare services *(RMB)*	97	69
Pharmaceutical sales revenue attributable to outpatients *(RMB'000)*	59,456	62,873
Average outpatient spending per visit on pharmaceutical sales *(RMB)*	285	204
Total outpatient revenue *(RMB'000)*	79,609	84,013
Total average outpatient spending per visit *(RMB)*	382	272
Total treatment and general healthcare services revenue *(RMB'000)*	388,637	408,535
Total pharmaceutical sales revenue *(RMB'000)*	99,401	107,266

Management Discussion and Analysis

During the Reporting Period, inpatient Billing Revenue from psychiatric healthcare business amounted to RMB408.4 million, representing a decrease of 5.4% compared with the same period of 2025, mainly due to the decrease in per bed-day spending compared with the same period last year at its owned hospitals, including Wenzhou Kangning Hospital, Yueqing Kangning Hospital, Taizhou Kangning Hospital, Wenling Nanfang Hospital and Huainan Kangning Hospital. The proportion of inpatient Billing Revenue from psychiatric healthcare business to total Billing Revenue from psychiatric healthcare business was 83.7% (for the six months ended June 30, 2025: 83.7%).

During the Reporting Period, outpatient Billing Revenue from psychiatric healthcare business amounted to RMB79.6 million, representing a decrease of 5.2% compared with the same period of 2025, mainly due to a decrease of 32.4% in outpatient visits while average outpatient spending per visit increased by 40.4%. The proportion of outpatient Billing Revenue from psychiatric healthcare business to total Billing Revenue from psychiatric healthcare business was 16.3% (for the six months ended June 30, 2025: 16.3%).

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

Management Discussion and Analysis

Elderly healthcare business

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

Management Discussion and Analysis

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

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

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

Management Discussion and Analysis

The cost of revenue of the Group's owned hospitals mainly includes pharmaceuticals and consumables used, employee benefits and expenses, depreciation and amortization of long-term assets, canteen expenses and testing fees. The table below sets forth a breakdown of cost of revenue of the Group's owned hospitals for the periods indicated:

	For the six months ended June 30,	
	2026	2025
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Pharmaceuticals and consumables used	145,891	149,554
Employee benefits and expenses	234,229	233,447
Depreciation and amortization of long-term assets	68,127	57,175
Canteen expenses	34,739	33,470
Testing fees	6,181	5,413
Others	43,047	44,834
Cost of revenue of owned hospitals	532,214	523,893

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

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

Management Discussion and Analysis

Revenue from other healthcare related business

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

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

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

During the Reporting Period, the total gross profit of the Group on an operating revenue basis amounted to RMB204.4 million, representing an increase of 8.0% compared with the same period of 2025; the gross profit of the owned hospital business on an operating revenue basis amounted to RMB177.5 million, representing an increase of 6.3% compared with the same period of 2025. The table below sets forth a breakdown of the gross profit margin of different businesses for the periods indicated:

	For the six months ended June 30,	
	2026 (Unaudited)	2025 (Unaudited)
Owned hospitals businesses	**25.0%**	24.2%
Psychiatric healthcare business	**28.6%**	28.4%
Elderly healthcare business	**16.7%**	16.4%
Other businesses	**22.5%**	46.6%
Consolidated gross profit margin	**24.6%**	25.6%

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

Management Discussion and Analysis

Tax and Surcharge

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

Selling Expenses

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

Administrative Expenses

During the Reporting Period, the administrative expenses of the Group mainly include employee benefits and expenses, depreciation and amortization, professional service fees, travelling expenses and other expenses. The table below sets forth a breakdown of administrative expenses of the Group for the periods indicated:

	For the six months ended June 30,	
	2026	2025
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Employee benefits and expenses	**69,009**	71,695
Depreciation and amortization	**16,490**	15,388
Professional service fees	**5,739**	4,666
Travelling expenses	**1,719**	2,039
Others	**24,452**	28,032
Total administrative expenses	**117,409**	121,820

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

Management Discussion and Analysis

Research and Development Expenses

During the Reporting Period, the research and development expenses of the Group mainly include clinical research, development of informatization software and internet hospital platform construction. The table below sets forth a breakdown of research and development expenses of the Group for the periods indicated:

	For the six months ended June 30,	
	2026	2025
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Clinical research	**11,909**	11,923
Development of informatization software	**2,993**	2,933
Construction of Internet hospital platform	**709**	807
Total	**15,611**	15,663

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

Management Discussion and Analysis

Finance Expenses – Net

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

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

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

Management Discussion and Analysis

Investment Income

Our investment income includes share of losses/gains of investments accounted for using the equity method, gains arising from disposal of long-term equity investments, gains from disposal of financial liabilities held for trading and gains from investment in wealth management products. The table below sets forth a breakdown of our investment income for the periods indicated:

	For the six months ended June 30,	
	2026	2025
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Share of investment losses/gains accounted for under the equity method	**3,177**	-1,206
Gains on disposal of long-term equity investments	**5,864**	5,033
Gains from disposal of financial liabilities held for trading	**-1,994**	–
Gains from investment in wealth management products	**–**	5
	7,047	3,832

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

Credit Impairment Losses

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

Losses/gains from Disposal of Assets

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

Management Discussion and Analysis

Non-Operating Income and Non-Operating Expenses

Our non-operating income mainly includes government grants, donation income, payables that cannot be paid, etc., while non-operating expenses mainly include losses on disposal of non-current assets, donation expenses, medical dispute expenses, etc. The table below sets forth a breakdown of our non-operating income and non-operating expenses for the periods indicated:

	For the six months ended June 30,	
	2026	2025
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Government grants	–	4
Donations received	–	6
Payables that cannot be paid	1,091	–
Other non-operating income	699	56
Non-operating income	1,790	66
Losses on scrapping of non-current assets	264	794
Donation expenses	49	734
Expenses on medical disputes	1,128	549
Other non-operating expenses	16,533	1,722
Non-operating expenses	17,974	3,799

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

Income Tax Expense

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

Management Discussion and Analysis

Financial Position

Inventory

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

Accounts Receivable

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

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

Other Receivables and Prepayments

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

Long-term Equity Investments

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

Other Non-current Financial Assets

As of June 30, 2026, the balance of other non-current financial assets was RMB23.9 million (as of December 31, 2025: RMB28.1 million), which was the Group's investment in Chongqing Jinpu Medical and Health Service Industry Equity Investment Fund Partnership (Limited Partnership) (重慶金浦醫療健康服務產業股權投資基金合夥企業(有限合夥)).

Fixed Assets

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

Construction in Progress

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

Management Discussion and Analysis

Right-of-use Assets

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

Intangible Assets

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

Goodwill

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

Long-term Prepaid Expenses

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

Deferred Tax Assets

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

Accounts Payable

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

Receipts in Advance

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

Other Payables

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

Management Discussion and Analysis

Liquidity and Capital Resources

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

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

Net Cash Generated from Operating Activities

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

Net Cash Used in Investing Activities

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

Net Cash Used in Financing Activities

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

Significant Investment, Acquisition and Disposal

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

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

Management Discussion and Analysis

Indebtedness

Bank Borrowings

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

Contingent Liabilities

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

Asset Pledge

The Group's Wenzhou Kangning Hospital pledged real estate with property right certificates numbered Wenfangquan Lucheng District No.826751, Wenfangquan Lucheng District No.826750, Zhejiang (2016) Wenzhou Real Estate Right No.0010144, Zhejiang (2016) Wenzhou Real Estate Right No.0010142, Zhejiang (2021) Wenzhou Real Estate Right No.0081628, Wenguoyong (2015) No.1-11836 and Wenguoyong (2015) No.1-11833 to China Minsheng Bank Wenzhou Longwan Sub-branch, and Zhejiang (2017) Cangnan County Real Estate Right No.0018361 to Industrial and Commercial Bank of China Ouhai Sub-branch to obtain bank loans. As of June 30, 2026, the balance of such pledged loans was RMB382.6 million; Lucheng Yining Hospital pledged real estate with property right certificate numbered Zhejiang (2020) Wenzhou Real Estate Right No.0068897 to Bank of Communications Wenzhou Commercial City Sub-branch. As of June 30, 2026, the balance of such pledged loan was RMB108.1 million; Jinyun Shuning Hospital pledged real estate with property right certificate numbered Zhejiang (2022) Jinyun Real Estate Certificate No.0002503, and buildings and other fixtures with construction permit No.331122202000043 to Zhejiang Jinyun Rural Commercial Bank Wuyun Sub-branch. As of June 30, 2026, the balance of such pledged loan was RMB35.0 million; Quzhou Yining Hospital pledged real estate with property right certificate numbered Zhejiang (2022) Quzhou Real Estate Right No.0045588 to China CITIC Bank Wenzhou Branch. As of June 30, 2026, the balance of such pledged loan was RMB55.7 million and Longquan Kangning Hospital pledged real estate with property right certificate numbered Zhejiang (2023) Longquan Real Estate Right No. 0004112 to China CITIC Bank Wenzhou Branch. As of June 30, 2026, the balance of such pledged loan was RMB71.3 million.

Management Discussion and Analysis

Lease Liabilities

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

Financial Instruments

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

Exposure to Fluctuation in Exchange Rates

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

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

Gearing Ratio

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

Employees and Remuneration Policy

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

During the Reporting Period, the employee training program of the Company remained unchanged. For relevant information, please refer to the "Employee Training Program" of the Company's 2025 annual report.

Management Discussion and Analysis

Equity Incentive Scheme

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

Under the Equity Incentive Scheme, participants of the first actual grant comprised a total of 165 persons, with 1,818,529 incentive shares being granted. Participants of the second phase of the actual grant comprised a total of 23 persons, with 180,516 incentive shares being granted. Participants (including connected persons) of the third phase of the actual grant comprised a total of 13 persons, with 540,229 incentive shares being granted. As of the date of this interim report, a total of 8 participants exited, corresponding to a total of 79,274 incentive shares. As of the date of this interim report, participants of the actual grant under the Equity Incentive Scheme comprised 193 persons, and all 2,460,000 incentive shares proposed to be granted had been granted. The incentive shares granted accounted for 3.49% of the total issued share capital of the Company as of the date of this interim report, and were unlocked at one time after 48 months from the date of grant at the grant price of RMB10.47 per share.

As all 2,460,000 incentive shares proposed to be granted under the Equity Incentive Scheme had been granted before June 18, 2021, the number of awards to be granted separately at the beginning and the end of the Reporting Period with the authorization under the Equity Incentive Scheme was nil. Therefore, there were no shares available for issuance under the Equity Incentive Scheme as of June 30, 2026.

Management Discussion and Analysis

During the six months ended June 30, 2026, the changes in the Incentive Shares granted under the Equity Incentive Scheme were as follows:

Name/Category of Grantee	Date of Grant	Vesting Date (Unlocking Date)	Grant Price (RMB/ Share)	Balance of Incentive Shares Granted but not Vested as at January 1, 2026	Balance of Incentive Shares Granted and Vested as at January 1, 2026	Granted during the Reporting Period	Vested (Unlocked) during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Balance of Incentive Shares Granted but not Vested as at June 30, 2026
Director										
Ms. WANG Lianyue	June 18, 2021	June 28, 2022	10.47	–	248,328	–	–	–	–	–
Supervisor										
Mr. XIE Tiefan	June 18, 2021	June 28, 2022	10.47	–	4,776	–	–	–	–	–
Others										
Mr. XU Yi (Spouse of Ms. WANG Hongyue)	June 18, 2021	June 28, 2022	10.47	–	28,653	–	–	–	–	–
Ms. WANG Hongyue (Younger sister of Ms. WANG Lianyue)	June 18, 2021	June 28, 2022	10.47	–	95,511	–	–	–	–	–
Ms. WANG Biyu (Resigned) (Niece of Ms. WANG Lianyue and Ms. WANG Hongyue)	June 18, 2021	June 28, 2022	10.47	–	4,776	–	–	–	–	–
Ms. XU Qunyan (Resigned) (Younger sister of Mr. XU Yi)	June 18, 2021	June 28, 2022	10.47	–	4,776	–	–	–	–	–
Mr. GUAN Weilu (Younger brother of Mr. GUAN Weili)	June 18, 2021	June 28, 2022	10.47	–	19,102	–	–	–	–	–
Mr. SUN Fangjun (Resigned)	June 18, 2021	June 28, 2022	10.47	–	14,327	–	–	–	–	–
Mr. SUN Hongbo (Nephew of Ms. WANG Lianyue and Ms. WANG Hongyue)	June 18, 2021	June 28, 2022	10.47	–	30,563	–	–	–	–	–

Management Discussion and Analysis

Name/Category of Grantee	Date of Grant	Vesting Date (Unlocking Date)	Grant Price (RMB/ Share)	Balance of Incentive Shares Granted but not Vested as at January 1, 2026	Balance of Incentive Shares Granted and Vested as at January 1, 2026	Granted during the Reporting Period	Vested (Unlocked) during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Balance of Incentive Shares Granted but not Vested as at June 30, 2026
Ms. ZHANG Linghui (Resigned) (Sister-in-law of Mr. GUAN Weili)	June 18, 2021	June 28, 2022	10.47	–	4,776	–	–	–	–	–
Senior Management (Total)	August 20, 2018	June 28, 2022	10.47	–	133,715	–	–	–	–	–
	April 16, 2021	June 28, 2022	10.47	–	47,755	–	–	–	–	–
Core Technical Personnel and Other Employees	August 20, 2018	June 28, 2022	10.47	–	1,605,540	–	–	–	–	–
	August 26, 2019	June 28, 2022	10.47	–	180,516	–	–	–	–	–
	April 16, 2021	June 28, 2022	10.47	–	36,886	–	–	–	–	–
Total				–	2,460,000	–	–	–	–	–

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

Management Discussion and Analysis

H Share Award and Trust Scheme

To attract, motivate and retain extensively skilled and experienced "core backbone members of the technicians and management" to continuously strive for the continuing operation and development of the Company in the future, in accordance with the requirements of the Company Law of the People's Republic of China and other relevant laws, administrative regulations, regulatory documents and the Articles of Association, the Company has formulated the H Share Award and Trust Scheme, which was considered and approved by the 2023 first extraordinary general meeting of the Company convened on September 27, 2023. Unless the context otherwise requires, capitalized terms used hereinafter shall have the same meanings as those defined in the circular of the Company dated September 8, 2023 and the announcements of the Company dated September 27, 2023, April 12, 2024, April 23, 2024 and June 18, 2024.

Pursuant to the H Share Award and Trust Scheme, a trust deed will be entered into between the Company and the trustee. The trust will be constituted to serve the H Share Award and Trust Scheme whereby the trustee shall assist with the administration of the H Share Award and Trust Scheme and shall, subject to the relevant provisions of the trust deed and upon the instruction of the Company, acquire H Shares through on-market transactions and such Shares shall be acquired by the trust through the funds transferred by the Company and shall be retained and disposed of by the trustee at the Company's instructions. Such H Shares under the H Share Award and Trust Scheme shall not account for more than 5% (being 3,730,015 shares) of the total share capital of the Company following the date on which the mandate of the H Share Award and Trust Scheme is granted or at the date on which the approval of updating the limit is obtained. The awards granted to the selected participants shall be held by the trustee for the benefit of the selected participants, and the trustee shall, for the purposes of vesting of the awards and upon the instruction of the Board and/or its delegates, release from the trust the award shares to the selected participants or sell the award shares so vested through on-market transactions at the prevailing market price and pay the selected participants the proceeds from such sale in accordance with rules of the H Share Award and Trust Scheme and relevant provisions under the trust deed.

Under the H Share Award and Trust Scheme, the selected participants (including connected persons) of the first actual grant comprised a total of 36 persons, with 364,100 award shares being granted. The selected participants (including connected persons) of the second phase of the actual grant comprised a total of 36 persons, with 616,000 award shares being granted. The selected participants (including connected persons) of the third phase of the actual grant comprised a total of 52 persons, with 335,000 award shares being granted. As of June 30, 2026, a total of 13 participants exited, corresponding to a total of 105,000 award shares. As of June 30, 2026, the selected participants of the actual grant under the H Share Award and Trust Scheme comprised 98 persons, and a total of 1,240,100 award shares had been granted while a total of 19,500 award shares were forfeited. The award shares granted accounted for 1.76% of the total issued share capital of the Company as at the date of this interim report. For details of the grant plan, please refer to the circular of the Company dated September 8, 2023 and the announcements of the Company dated September 27, 2023, April 12, 2024, April 23, 2024 and June 18, 2024.

As at the beginning of the Reporting Period, 2,509,400 award shares were available for grant under the H Share Award and Trust Scheme, and as at the end of the Reporting Period, 2,509,400 award shares were available for grant under the H Share Award and Trust Scheme.

Management Discussion and Analysis

During the six months ended June 30, 2026, details of the award shares granted under the H Share Award and Trust Scheme and their movements are set out below:

Name/Category of Grantee	Date of Grant	Grant Price (RMB/Share)	Number of Shares Granted but not Vested as at January 1, 2026	Number of Shares Granted during the Reporting Period	Closing Price of Relevant Shares Immediately before the Date of Grant of Awards during the Reporting Period (HK$/Share)	Fair Value of Relevant Shares on the Date of Grant during the Reporting Period (HK$/Share)	Number of Shares Vested during the Reporting Period	Weighted Average Closing Price of Relevant Shares Immediately before the Date of Vesting of Awards during the Reporting Period (HK$/Share)	Number of Shares Lapsed during the Reporting Period	Number of Shares Cancelled during the Reporting Period	Number of Shares Granted but not Vested as at June 30, 2026
Directors											
WANG Lianyue	April 23, 2024	0	74,475	–	–	–	24,825	9.30	–	–	49,650
	April 23, 2024	7	37,500	–	–	–	12,500	9.30	–	–	25,000
WANG Jian	April 23, 2024	0	44,325	–	–	–	14,775	9.30	–	–	29,550
	April 23, 2024	7	37,500	–	–	–	12,500	9.30	–	–	25,000
Five Individuals with Highest Emoluments (Excluding Directors)											
XU Xiaojun	April 23, 2024	7	22,500	–	–	–	7,500	9.30	–	–	15,000
XU Yi	April 12, 2024	0	43,125	–	–	–	14,375	9.00	–	–	28,750
	April 23, 2024	7	22,500	–	–	–	7,500	9.30	–	–	15,000
YE Minjie	April 12, 2024	0	15,750	–	–	–	5,250	9.00	–	–	10,500
Other Employees (Excluding Directors and Five Individuals with Highest Emoluments)											
Employees	April 12, 2024	0	94,650	–	–	–	31,300	9.00	–	–	62,600
	April 23, 2024	7	296,250	–	–	–	98,750	9.30	–	–	197,500
	June 18, 2024	7	241,500	–	–	–	79,500	8.20	12,750	–	146,250
Total	–	–	930,075	–	–	–	308,775	–	12,750	–	604,800

Management Discussion and Analysis

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

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

Corporate Governance and Other Information

Corporate Governance

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

Compliance with the Model Code

The Company has adopted the Model Code as a code of conduct of the Company for its Directors' and Supervisors' transactions on the Company's securities. Based on specific enquiries to all Directors and Supervisors, the Directors and the Supervisors have complied with the requirements set out in the Model Code during the period from January 1, 2026 to June 30, 2026 and up to the date of this interim report.

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

Accounting Standards

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

Accounting Policies

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

The financial statements are prepared and have disclosed relevant financial information in accordance with the requirements of the Accounting Standard for Business Enterprises No. 32 – Interim Financial Report issued by the Ministry of Finance. The Group's accounting policies applied in preparing the financial statements are consistent with those policies applied in the financial statements for the year ended 2025. The interim financial statements shall be read together with the financial statements for the year ended 2025 of the Group.

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

Corporate Governance and Other Information

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

The Company established the Audit Committee in compliance with Rule 3.21 and Rule 3.22 of the Hong Kong Listing Rules and with written terms of reference in compliance with the CG Code and the roles and the responsibilities delegated to the Audit Committee by the Board. As of June 30, 2026, the Audit Committee consists of two independent non-executive Directors, Ms. ZHONG Wentang (the chairman of the Audit Committee) and Ms. JIN Ling, and one non-executive Director, Mr. LI Changhao. The Audit Committee has reviewed this interim report and the Group's unaudited financial information for the six months ended June 30, 2026 and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

Interim Dividend

The Board recommends the payment of the Proposed Interim Dividend. Based on the total share capital before the record date determined by the implementation of the 2026 interim profit distribution plan, a cash dividend of RMB1.80 (tax inclusive) per 10 shares will be distributed to all shareholders of the Company. As at the disclosure date of the "INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2026" of the Company, the total share capital of the Company is 70,399,100 Shares. Assuming that there is no change in the total share capital of the Company from the date of this interim report to the record date, the total proposed cash dividend is expected to be RMB12,671,838 (inclusive of tax), representing 37.5% of the net profit attributable to shareholders of the parent company as set out in the consolidated statement of accounts for the Reporting Period. The Proposed Interim Dividend will be denominated and declared in RMB. The holders of Domestic Shares will be paid in RMB and the holders of H Shares will be paid in Hong Kong dollars. The exchange rate for the Proposed Interim Dividend to be paid in Hong Kong dollars will be the mean of the exchange rates of Hong Kong dollars to RMB as announced by the People's Bank of China during the five business days prior to the date of declaration of the Proposed Interim Dividend (i.e. the date of convening the EGM of the Company). The proposal for payment of 2026 interim dividend has been considered and approved by the EGM of the Company.

At the second extraordinary general meeting for the year 2026 held on September 4, 2026, the Shareholders approved the proposed interim dividend. For the purpose of ascertaining Shareholders who qualify for the Proposed Interim Dividend, the register of members for H Shares will be closed from September 10, 2026 to September 15, 2026 (both days inclusive). The Proposed Interim Dividend is expected to be paid on or before October 5, 2026 to the Shareholders whose names appear on the register of members on the Record Date (September 15, 2026). In order to qualify for the Proposed Interim Dividend, the H Shareholders shall lodge their share certificates accompanied by the transfer documents with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on September 9, 2026 for registration.

Corporate Governance and Other Information

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

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

Corporate Governance and Other Information

Purchase, Sale or Redemption of Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As of June 30, 2026, except for 1,959,800 H Shares repurchased but not yet cancelled, the Group did not hold any treasury shares.

Change in Directors, Supervisors and Senior Management

On May 14, 2026, Mr. FANG Wei resigned as a Supervisor of the Company due to work arrangement adjustments.

At the 2025 annual general meeting held on June 30, 2026, Mr. SZETO Wing Fu was appointed as a Director of the fifth session of the Board of Directors of the Company for a term commencing from June 30, 2026 and ending on the expiry of the term of office of the fifth session of the Board of Directors; and Ms. RUAN Tingting was appointed as a Supervisor of the Company for a term commencing from June 30, 2026 and ending on the expiry of the term of office of the fifth session of the Supervisory Committee.

On June 30, 2026, Mr. CHAN Sai Keung Hugo retired as an independent non-executive Director of the Company upon expiry of his term of office.

At the first meeting of the fifth session of the Board of Directors held on June 30, 2026, Ms. XU Xiaojun was appointed as Deputy General Manager of the Company, with a term of three years commencing on June 30, 2026.

On August 14, 2026, Mr. XU Yongjiu resigned as a Supervisor of the Company due to work arrangement adjustments.

At the 2026 second extraordinary general meeting held on September 4, 2026, Mr. XU Yongjiu was appointed as a Director of the fifth session of the Board of Directors of the Company for a term commencing from September 4, 2026 and ending on the expiry of the term of office of the fifth session of the Board of Directors.

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

Corporate Governance and Other Information

Events after the Reporting Period

Full Circulation of Shares

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

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

Public Float

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

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

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

Save as disclosed above, no major subsequent events have occurred to the Group from the end of the Reporting Period to the date of this interim report.

Corporate Governance and Other Information

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

Set out below are the changes in the Directors', the Supervisors' and the chief executives' biographical details between the period of January 1, 2026 to June 30, 2026 and up to the date of this interim report, which are required to be disclosed pursuant to Rule 13.51B of the Hong Kong Listing Rules:

WANG Lianyue	Yiwu Kangning Hospital Management Co., Ltd.	Executive Director	From January 22, 2017 to May 21, 2026
	Yiwu Kangning Hospital Management Co., Ltd.	Manager	From January 22, 2017 to May 21, 2026
ZHOU Chaoyi	Yiwu Kangning Hospital Management Co., Ltd.	Supervisor	From January 22, 2017 to May 21, 2026
XU Ning	Changchun Kanglin Psychological Hospital Co., Ltd.	Supervisor	From March 29, 2026 to present
XU Xiaojun	Pujiang Yining Hospital Co., Ltd.	Manager	From September 3, 2018 to March 20, 2026
	Pujiang Yining Hospital Co., Ltd.	Executive Director	From September 3, 2018 to March 20, 2026

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

Corporate Governance and Other Information

Disclosure of Interests

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

As of June 30, 2026, the interests and short positions of the Directors, the Supervisors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company under Section 352 of the SFO, or as notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

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

Corporate Governance and Other Information

Notes:

(L): Long position

(1) The shareholding percentages are calculated on the basis of 52,760,000 Domestic Shares and 19,598,900 H Shares (an aggregate of 72,358,900 Shares) issued by the Company as of June 30, 2026.

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

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

Corporate Governance and Other Information

Save as disclosed above, as of June 30, 2026, to the knowledge of the Board, none of the Directors, the Supervisors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, the Supervisors and the chief executives of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Interests of Substantial Shareholders

As of June 30, 2026, according to the register kept by the Company pursuant to Section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following person/entity (other than the Directors, the Supervisors or the chief executives of the Company) had an interest or short position which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

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

Corporate Governance and Other Information

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

Corporate Governance and Other Information

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate Percentage in Shares of the Same Class[1]	Approximate Percentage of the Company's Total Issued Share Capital[1]
Wind Impact Equity Investment (Jiaxing) Partnership (Limited Partnership) ("Wind Investment") (萬得影響力股權投資(嘉興)合夥企業(有限合夥)) ("萬得投資")	Domestic Shares	Beneficial owner	3,333,000(L)	6.32%	4.61%
CITIC Securities Investment Co., Ltd. (中信証券投資有限公司)	Domestic Shares	Beneficial owner	2,780,000(L)	5.27%	3.84%
CITIC Securities Company Limited (中信証券股份有限公司)[5]	Domestic Shares	Interest in a controlled corporation	2,780,000(L)	5.27%	3.84%
OrbiMed Advisors LLC	H Shares	Investment manager	1,454,000(L)	7.42%	2.01%
OrbiMed Capital LLC	H Shares	Investment manager	2,150,900(L)	10.97%	2.97%
OrbiMed Partners Master Fund Limited	H Shares	Beneficial owner	1,279,900(L)	6.53%	1.77%
OrbiMed Partners II, L.P.	H Shares	Beneficial owner	1,052,000(L)	5.37%	1.45%
UBS Group AG	H Shares	Interest in a controlled corporation	1,029,400(L)	5.25%	1.42%
ZOU Haili	H Shares	Beneficial owner	1,680,000(L)	8.57%	2.32%
WANG Hongyue[6]	Domestic Shares	Beneficial owner	5,785,350(L)	10.97%	8.00%
		Interest held jointly with another person	21,544,750(L)	40.84%	29.77%
	H Shares	Beneficial owner	309,000(L)	1.58%	0.43%
		Interest held jointly with another person	149,300(L)	0.76%	0.21%
Kangning Success Holding Limited	H Shares	Interest in a controlled corporation	3,114,450(L)	15.89%	4.30%
Trident Trust Company (HK) Limited	H Shares	Trustee	3,114,450(L)	15.89%	4.30%

Corporate Governance and Other Information

Notes:

(L): Long position

(1) The shareholding percentages are calculated on the basis of 52,760,000 Domestic Shares and 19,598,900 H Shares (an aggregate of 72,358,900 Shares) issued by the Company as of June 30, 2026.

(2) FAN Yin holds 50% equity interest in Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金淅企業管理中心(有限合夥)) and Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金淅企業管理中心(有限合夥)) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)). SUN Jian holds 33.94% equity interest in Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)). Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership). Therefore, by virtue of Part XV of the SFO, FAN Yin, Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金淅企業管理中心(有限合夥)), SUN Jian and Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) were deemed to be interested in all the Domestic Shares held by Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)) in the Company.

(3) Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) holds 99.99% equity interest in Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)). Therefore, by virtue of Part XV of the SFO, Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) is deemed to be interested in all the Domestic Shares held by Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)) in the Company.

(4) Shanghai Loyal Valley Investment Management Co., Limited (上海正心谷投資管理有限公司) (formerly known as Shanghai Shengge Investment Management Co., Ltd. (上海盛歌投資管理有限公司)) is a general partner of Shanghai Qiangang Investment Management Partnership (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) and Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)). Therefore, by virtue of Part XV of the SFO, Shanghai Loyal Valley Investment Management Co., Limited is deemed to be interested in all the Domestic Shares held by Shanghai Qiangang Investment Management Partnership (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) (which directly holds 1,987,356 Domestic Shares of the Company) and Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)) in the Company.

(5) CITIC Securities Investment Co., Ltd. (中信証券投資有限公司) is wholly held by CITIC Securities Company Limited. Therefore, by virtue of Part XV of the SFO, CITIC Securities Company Limited is deemed to be interested in all the Domestic Shares held by CITIC Securities Investment Co., Ltd. (中信証券投資有限公司) in the Company.

(6) Mr. GUAN Weili, Ms. WANG Lianyue and Ms. WANG Hongyue (the younger sister of Ms. WANG Lianyue) are deemed to be acting in concert and are therefore deemed to be jointly interested in 27,330,100 Domestic Shares and 458,300 H Shares of the Company. Mr. XU Yi is the spouse of Ms. WANG Hongyue and, therefore, pursuant to Part XV of the SFO, Mr. XU Yi is deemed to be interested in the Shares of the Company held by Ms. WANG Hongyue.

Corporate Governance and Other Information

Save as disclosed above, as at June 30, 2026, to the knowledge of the Directors, no other person (other than a Director, a Supervisor or chief executive of the Company) had, or was deemed or taken to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

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

Zhejiang, the PRC
September 21, 2026

Consolidated Balance Sheet

As at 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 4	Balance as at the end of the period	Balance as at the end of the previous year
Current assets:			
Cash at bank and on hand	4.1	312,288,962.69	294,039,860.88
Settlement deposits			
Placements with banks and other financial institutions			
Financial assets held for trading	4.2	8,916,323.73	8,573,388.20
Derivative financial assets			
Notes receivable	4.3	2,102,126.86	1,486,564.55
Accounts receivable	4.4	400,880,378.60	462,939,569.82
Receivables financing			
Advances to suppliers	4.5	15,647,162.19	15,792,568.62
Insurance contract assets*			
Reinsurance contract assets*			
Other receivables	4.6	75,077,168.55	77,790,656.08
Financial assets purchased under resale agreements			
Inventories	4.7	43,763,736.07	46,032,543.08
Including: data sources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	4.8	22,455,982.35	25,380,696.08
Total current assets		881,131,841.04	932,035,847.31

Consolidated Balance Sheet

As at 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 4	Balance as at the end of the period	Balance as at the end of the previous year
Non-current assets:			
Granted loans and advances			
Debt investments			
Other debt investments			
Long-term accounts receivables			
Long-term equity investments	4.9	**95,901,984.49**	95,912,391.92
Investments in other equity instruments			
Other non-current financial assets	4.10	**23,922,657.55**	28,123,065.82
Investment properties			
Fixed assets	4.11	**1,175,045,360.14**	1,159,366,939.63
Construction in progress	4.12	**18,010,945.28**	13,091,854.50
Productive biological assets			
Oil and gas assets			
Right-of-use assets	4.13	**176,805,730.32**	192,354,108.23
Intangible assets	4.14	**256,765,010.68**	285,757,258.42
Including: data sources			
Development expenditure			
Including: data sources			
Goodwill	4.15	**126,454,937.63**	126,454,937.63
Long-term prepaid expenses	4.16	**99,540,819.62**	121,609,290.74
Deferred tax assets	4.17	**52,597,921.08**	55,346,815.83
Other non-current assets	4.18	**18,750,165.69**	15,514,860.97
Total non-current assets		**2,043,795,532.48**	2,093,531,523.69
Total assets		**2,924,927,373.52**	3,025,567,371.00

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

Legal Representative: GUAN Weili

Principal in Charge of Accounting: JIN Hui

Head of the Accounting Department: WANG Minhui

Consolidated Balance Sheet

As at 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and shareholders' equity	Note 4	Balance as at the end of the period	Balance as at the end of the previous period
Current liabilities:			
Short-term borrowings	4.20	144,675,386.56	109,243,676.71
Borrowings from central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading	4.21		1,805,503.25
Derivative financial liabilities			
Notes payable	4.22	26,025,756.94	
Accounts payable	4.23	123,971,726.98	160,803,092.48
Receipts in advance	4.24	38,250,230.15	23,327,087.38
Contract liabilities	4.25	268,867.92	161,104.98
Financial assets sold under repurchase agreements			
Receipt of deposits and deposits from other banks			
Funds received as agent of stock exchange			
Funds received as stock underwriter			
Employee benefits payable	4.26	68,352,159.50	84,431,492.90
Taxes payable	4.27	24,086,675.09	35,809,004.43
Other payables	4.28	83,635,595.54	91,859,119.30
Fees and commissions payable			
Liabilities held for sale			
Non-current liabilities due within one year	4.29	254,876,060.46	201,407,509.55
Other current liabilities	4.30	1,818,258.94	3,214,866.97
Total current liabilities		765,960,718.08	712,062,457.95

Consolidated Balance Sheet

As at 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and shareholders' equity	Note 4	Balance as at the end of the period	Balance as at the end of the previous period
Non-current liabilities:			
Insurance contract liabilities*			
Reinsurance contract liabilities*			
Long-term borrowings	4.31	592,791,355.05	746,952,957.47
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	4.32	134,586,128.49	148,475,651.18
Long-term payables	4.33	62,658,100.16	47,419,832.76
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	4.34	18,054,619.00	18,206,515.00
Deferred tax liabilities	4.17	30,175,216.19	40,820,058.32
Other non-current liabilities			
Total non-current liabilities		838,265,418.89	1,001,875,014.73
Total liabilities		1,604,226,136.97	1,713,937,472.68

Consolidated Balance Sheet

As at 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and shareholders' equity	Note 4	Balance as at the end of the period	Balance as at the end of the previous period
Shareholders'equity:			
Share capital	4.35	72,358,900.00	72,358,900.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital surplus	4.36	762,132,927.31	760,645,326.71
Less: treasury stocks	4.37	47,815,625.17	47,815,625.17
Other comprehensive income			
Special reserves			
Surplus reserves	4.38	38,399,577.13	38,399,577.13
Provision for general risks			
Retained earnings	4.39	381,120,235.40	364,230,299.84
Total equity attributable to shareholders of the parent company		1,206,196,014.67	1,187,818,478.51
Non-controlling interests		114,505,221.88	123,811,419.81
Total shareholders'equity		1,320,701,236.55	1,311,629,898.32
Total liabilities and shareholders'equity		2,924,927,373.52	3,025,567,371.00

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

Legal Representative:	Principal in Charge of Accounting:	Head of the Accounting Department:
GUAN Weili	JIN Hui	WANG Minhui

Parent Company's Balance Sheet

As at 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 16	Balance as at the end of the period	Balance as at the end of the previous year
Current assets:			
Cash at bank and on hand		142,686,937.02	94,963,270.69
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	16.1	35,778,993.44	36,684,264.84
Receivables financing			
Advances to suppliers		514,070.69	1,846,331.88
Other receivables	16.2	478,250,413.79	550,863,300.90
Inventories		9,991,932.47	10,183,513.42
Including: data sources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets		667,222,347.41	694,540,681.73

Parent Company's Balance Sheet

As at 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 16	Balance as at the end of the period	Balance as at the end of the previous year
Non-current assets:			
Debt investments			
Other debt investments			
Long-term accounts receivables			
Long-term equity investments	16.3	859,622,103.35	858,672,101.34
Investments in other equity instruments			
Other non-current financial assets		23,922,657.55	28,123,065.82
Investment properties			
Fixed assets		270,487,736.88	272,207,527.96
Construction in progress		1,025,192.00	1,025,192.00
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		24,071,287.42	22,729,970.04
Including: data sources			
Development expenditure			
Including: data sources			
Goodwill			
Long-term prepaid expenses		13,345,670.23	15,910,730.63
Deferred tax assets		20,142,255.48	18,521,653.76
Other non-current assets		3,892,832.45	4,734,226.16
Total non-current assets		1,216,509,735.36	1,221,924,467.71
Total assets		1,883,732,082.77	1,916,465,149.44

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

Legal Representative: GUAN Weili

Principal in Charge of Accounting: JIN Hui

Head of the Accounting Department: WANG Minhui

Parent Company's Balance Sheet

As at 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and shareholders' equity	Note 16	Balance as at the end of the period	Balance as at the end of the previous year
Current liabilities:			
Short-term borrowings		121,000,000.00	93,720,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		45,779,996.59	35,437,646.63
Receipts in advance		6,152,014.04	4,504,580.09
Contract liabilities			
Employee benefits payable		16,452,808.83	20,959,095.77
Taxes payable		3,957,433.08	3,963,391.03
Other payables		28,890,690.91	22,658,542.55
Liabilities held for sale			
Non-current liabilities due within one year		202,883,832.00	142,430,144.00
Other current liabilities			
Total current liabilities		425,116,775.45	323,673,400.07
Non-current liabilities:			
Long-term borrowings		224,850,000.00	379,700,000.00
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables		39,203,648.69	20,752,353.52
Long-term employee benefits payable			
Estimated liabilities			
Deferred income		7,974,619.00	8,126,515.00
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		272,028,267.69	408,578,868.52
Total liabilities		697,145,043.14	732,252,268.59

Parent Company's Balance Sheet

As at 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and shareholders' equity	Note 16	Balance as at the end of the period	Balance as at the end of the previous year
Shareholders' equity:			
Share capital		72,358,900.00	72,358,900.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital surplus		835,335,992.58	833,848,391.98
Less: treasury stocks		47,815,625.17	47,815,625.17
Other comprehensive income			
Special reserves			
Surplus reserves		38,399,577.13	38,399,577.13
Retained earnings		288,308,195.09	287,421,636.91
Total shareholders' equity		1,186,587,039.63	1,184,212,880.85
Total liabilities and shareholders' equity		1,883,732,082.77	1,916,465,149.44

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

Legal Representative: GUAN Weili

Principal in Charge of Accounting: JIN Hui

Head of the Accounting Department: WANG Minhui

Consolidated Income Statement

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 4	Current period	Prior period
I. Total revenue		**829,481,414.10**	738,561,625.33
Including: Revenue	4.40	**829,481,414.10**	738,561,625.33
Interest income			
Insurance service income			
Fees and commission income			
II. Total cost of sales		**786,080,383.38**	717,628,929.06
Including: cost of sales	4.40	**625,074,377.39**	549,334,194.14
Interest expense			
Fees and commissions expenses			
Insurance business costs			
Taxes and surcharges	4.41	**6,152,190.16**	5,117,058.34
Selling and distribution expenses	4.42	**3,704,122.57**	3,688,280.00
General and administrative expenses	4.43	**117,409,139.69**	121,819,658.37
Research and development expenses	4.44	**15,610,778.66**	15,662,922.72
Financial expenses	4.45	**18,129,774.91**	22,006,815.49
Including: Interest expenses		**17,354,423.12**	18,377,254.10
Interest income		**1,876,835.76**	587,377.24
Add: Other income	4.46	**6,929,634.38**	11,601,815.43
Investment income (losses represented with "-" signs)	4.47	**7,047,095.81**	3,832,269.03
Including: Investment income from associates and joint ventures		**3,177,287.11**	-1,206,158.07
Gains from derecognition of financial assets measured at amortised costs			
Foreign exchange gains (losses represented with "-" signs)			
Gains from net exposure hedges (losses represented with "-" signs)			
Gains from changes in fair value (losses represented with "-" signs)	4.48	**382,569.13**	477,843.54
Credit impairment losses (losses represented with "-" signs)	4.49	**-17,908,324.36**	7,616,882.44
Asset impairment losses (losses represented with "-" signs)			
Gains from disposal of assets (losses represented with "-" signs)	4.50	**46,657.62**	1,250,151.08

Consolidated Income Statement

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 4	Current period	Prior period
III. Operating profits (losses represented with "-" sign)		39,898,663.30	45,711,657.79
Add: non-revenue	4.51	1,790,407.41	66,456.85
Less: non-operating expenses	4.52	17,974,248.24	3,798,544.46
IV. Total profits (total losses represented with "-" signs)		23,714,822.47	41,979,570.18
Less: income tax expenses	4.53	1,527,631.84	15,210,452.03
V. Net profit (net losses represented with "-" signs)		22,187,190.63	26,769,118.15
(I) Classification by continuity of operations			
1. Net profit from continuing operation (net losses represented with "-" signs)		22,187,190.63	26,769,118.15
2. Net profit from discontinued operation (net losses represented with "-" signs)			
(II) Classification by ownership of the equity			
1. Net profit attributable to shareholders of the parent company (net losses represented with "-" signs)		33,773,135.56	36,530,359.57
2. Profit or loss attributable to non-controlling interests (net losses represented with "-" signs)		-11,585,944.93	-9,761,241.42
VI. Other comprehensive income, net of tax			
Other comprehensive income, net of tax attributable to owners of the parent company			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes arising from remeasurement of defined benefit plan			
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
3. Changes in fair value of investments in other equity instruments			
4. Changes in fair value of the Company's own credit risk			
5. Financial changes of insurance contracts that cannot be reclassified into profit or loss			
6. Others			

Consolidated Income Statement

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 4	Current period	Prior period
(II) Other comprehensive income that can be reclassified to profit or loss			
1. Other comprehensive income that can be reclassified to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Credit impairment provisions for other debt investments			
5. Reserves for cash flow hedges			
6. Exchange difference on translation of financial statements in foreign currencies			
7. Financial changes of insurance contracts that can be reclassified to profit or loss			
8. Financial changes of reinsurance contracts that can be reclassified to profit or loss			
9. Others			
Other comprehensive income attributable to non-controlling interests, net of tax			
VII. Total comprehensive income		**22,187,190.63**	26,769,118.15
Attributable to shareholders of the parent company		**33,773,135.56**	36,530,359.57
Attributable to non-controlling interests		**-11,585,944.93**	-9,761,241.42
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	4.54	**0.48**	0.50
(II) Diluted earnings per share (RMB/share)	4.54	**0.48**	0.50

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

Legal Representative: GUAN Weili

Principal in Charge of Accounting: JIN Hui

Head of the Accounting Department: WANG Minhui

Parent Company's Income Statement

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 16	Amount for the current period	Amount for the previous period
I. Revenue	16.4	188,739,211.50	191,631,445.80
Less: Cost of sales	16.4	126,878,067.39	128,370,674.76
Taxes and surcharges		1,655,027.16	2,561,069.88
Selling and distribution expenses		371,907.53	90,226.09
General and administrative expenses		34,121,985.20	38,256,463.25
Research and development expenses		11,908,768.61	11,922,725.70
Financial expenses		3,513,709.22	4,120,776.89
Including: Interest expenses		8,654,328.52	9,614,227.57
Interest income		6,495,030.71	7,236,569.03
Add: Other income		4,949,365.04	2,672,633.24
Investment income (losses represented with "-" signs)	16.5	5,520,759.22	1,526,125.08
Including: Investment income from associates and joint ventures		520,759.22	1,526,125.08
Derecognition income of financial assets measured at the amortized cost			
Gains from net exposure hedges (losses represented with "-" signs)			
Gains from changes in fair value (losses represented with "-" signs)		39,633.60	49,582.16
Credit impairment losses (losses represented with "-" signs)		-4,545,659.64	1,715,895.58
Asset impairment losses (losses represented with "-" signs)			
Gains from disposal of assets (losses represented with "-" signs)			
II. Operating profits (losses represented with "-" signs)		16,253,844.61	12,273,745.29
Add: non-revenue		198,725.12	600.00
Less: non-operating expenses		303,413.27	149,905.92
III. Total profits (losses represented with "-" signs)		16,149,156.46	12,124,439.37
Less: income tax expenses		-1,620,601.72	1,727,950.25
IV. Net profit (losses represented with "-" signs)		17,769,758.18	10,396,489.12
(I) Net profit from continuing operations (losses represented with "-" signs)		17,769,758.18	10,396,489.12
(II) Net profit from discontinued operations (losses represented with "-" signs)			

Parent Company's Income Statement

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 16	Amount for the current period	Amount for the previous period
V. Other comprehensive income, net of tax			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes arising from remeasurement of defined benefit plan			
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
3. Changes in fair value of other instrument investments			
4. Changes in fair value due to the enterprise's own credit risk			
5. Others			
(II) Other comprehensive income that can be reclassified to profit or loss			
1. Other comprehensive income that can be reclassified to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Credit impairment provisions for other debt investments			
5. Reserves for cash flow hedges			
6. Exchange difference on translation of financial statements in foreign currencies			
7. Others			
VI. Total comprehensive income		17,769,758.18	10,396,489.12
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

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

Legal Representative: GUAN Weili

Principal in Charge of Accounting: JIN Hui

Head of the Accounting Department: WANG Minhui

Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 4	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		894,519,648.08	906,586,410.37
Net increase in customer deposits and interbank deposits			
Net increase in borrowings from central bank			
Cash received from original insurance contract premium			
Net cash received from reinsurance business			
Cash received from interest, fees and commissions			
Net increase in placements from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash received from securities brokerage services			
Refund of taxes and levies			
Cash received relating to other operating activities		18,494,934.09	53,351,834.67
Sub-total of cash inflows of operating activities		913,014,582.17	959,938,245.04
Cash paid for goods and services		332,050,553.12	278,457,055.04
Net increase in customers' loans and advances			
Net increase in deposits with central bank and other banks			
Cash paid for compensation under original insurance contract			
Net cash paid for reinsurance business			
Net increase in policy pledge loans			
Net increase in placements with banks and other financial institutions			
Cash paid for interest, fees and commissions			
Cash paid to and on behalf of employees		360,142,763.00	342,221,800.43
Cash paid for taxes and surcharges		35,917,677.41	44,199,367.80
Cash paid relating to other operating activities		73,354,879.02	96,538,403.71
Sub-total of cash outflows of operating activities		801,465,872.55	761,416,626.98
Net cash flows from operating activities		111,548,709.62	198,521,618.06

Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 4	Amount for the current period	Amount for the previous period
II. Cash flows from investing activities			
Cash received from disposal of investments		14,092,041.87	7,870,000.00
Cash received from returns on investments			5,699.09
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		278,836.15	263,925.46
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows of investing activities		14,370,878.02	8,139,624.55
Cash paid to acquire fixed assets, intangible assets and other long-term assets		62,286,218.16	97,487,136.11
Cash paid to acquire investments		4,600,000.00	7,199,999.19
Net cash paid to acquire subsidiaries and other business units			17,316,274.30
Cash paid relating to other investing activities			13,098,602.88
Sub-total of cash outflows of investing activities		66,886,218.16	135,102,012.48
Net cash flows from investing activities		-52,515,340.14	-126,962,387.93
III. Cash flows from financing activities			
Cash received from capital contributions		4,000,000.00	6,000,000.00
Including: cash received from subsidiaries capital contributions by non-controlling shareholders of subsidiaries		4,000,000.00	6,000,000.00
Cash received from borrowings		257,010,504.92	238,829,338.74
Cash received relating to other financing activities		86,318,120.00	19,541,873.20
Sub-total of cash inflows of financing activities		347,328,624.92	264,371,211.94
Cash repayments of borrowings		267,956,998.11	179,128,598.92
Cash payments for distribution of dividends, profits or interest expenses		31,577,940.59	17,913,126.07
Including: Cash payments for distribution of dividends and profit by subsidiaries to non-controlling shareholders		850,000.00	1,114,000.00
Cash paid relating to other financing activities		83,513,880.21	61,012,338.80
Sub-total of cash outflows of financing activities		383,048,818.91	258,054,063.79
Net cash flows from financing activities		-35,720,193.99	6,317,148.15

Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 4	Amount for the current period	Amount for the previous period
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-73,292.86	-2,486.65
V. Net increase in cash and cash equivalents		23,239,882.63	77,873,891.63
Add: Cash and cash equivalents at the beginning of the period	4.55	287,672,625.54	255,232,744.16
VI. Cash and cash equivalents at the end of the period	4.55	310,912,508.17	333,106,635.79

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

Legal Representative: GUAN Weili

Principal in Charge of Accounting: JIN Hui

Head of the Accounting Department: WANG Minhui

Parent Company's Statement of Cash Flows

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		191,543,146.34	204,706,377.93
Refund of taxes and levies			
Cash received relating to other operating activities		226,428,000.07	223,954,868.42
Sub-total of cash inflows of operating activities		417,971,146.41	428,661,246.35
Cash paid for goods and services		59,470,750.21	73,535,871.41
Cash paid to and on behalf of employees		85,396,690.05	92,633,698.18
Cash paid for taxes and surcharges		3,966,870.24	3,772,451.41
Cash paid relating to other operating activities		145,508,480.55	192,295,435.48
Sub-total of cash outflows of operating activities		294,342,791.05	362,237,456.48
Net cash flows from operating activities		123,628,355.36	66,423,789.87
II. Cash flows from investing activities			
Cash received from disposal of investments		4,495,041.87	
Cash received from returns on investments		12,500,000.00	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		23,264.00	2,832.00
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows of investing activities		17,018,305.87	2,832.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets		1,594,731.65	5,284,196.52
Cash paid to acquire investments			9,000,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows of investing activities		1,594,731.65	14,284,196.52
Net cash flows from investing activities		15,423,574.22	-14,281,364.52

Parent Company's Statement of Cash Flows

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Amount for the current period	Amount for the previous period
III. Cash flows from financing activities			
Cash received from capital contributions			
Cash received from borrowings		181,000,000.00	113,720,000.00
Cash received relating to other financing activities		26,524,880.00	
Sub-total of cash inflows of financing activities		207,524,880.00	113,720,000.00
Cash repayments of borrowings		248,320,000.00	117,350,000.00
Cash payments for distribution of dividends, profits or interest expenses		25,537,528.52	11,533,957.02
Cash paid relating to other financing activities		24,922,666.96	16,069,212.44
Sub-total of cash outflows of financing activities		298,780,195.48	144,953,169.46
Net cash flows from financing activities		-91,255,315.48	-31,233,169.46
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-73,292.86	-2,486.65
V. Net increase in cash and cash equivalents		47,723,321.24	20,906,769.24
Add: Cash and cash equivalents at the beginning of the period		93,598,161.26	110,788,421.25
VI. Cash and cash equivalents at the end of the period		141,321,482.50	131,695,190.49

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

Legal Representative: GUAN Weili

Principal in Charge of Accounting: JIN Hui

Head of the Accounting Department: WANG Minhui

Consolidated Statement of Changes in Shareholders' Equity

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Item	Amount for the current period													
	Equity attributable to owners of the parent company													
		Other equity instruments												
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Provision for general risk	Retained earnings	Subtotal	Minority equity	Total shareholders' equity
I. Balance as at the end of the previous year	72,358,900.00				760,645,326.71	47,815,625.17			38,399,577.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
Add: changes in accounting policies														
Correction of accounting errors in prior year														
Business combination under common control														
Others														
II. Balance as at the beginning of the current year	72,358,900.00				760,645,326.71	47,815,625.17			38,399,577.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
III. Increases/decreases in the current period ("-" for decreases)					1,487,600.60						16,889,935.56	18,377,536.16	-9,306,197.93	9,071,338.23
(I) Total comprehensive income											33,773,135.56	33,773,135.56	-11,585,944.93	22,187,190.63
(II) Capital contributed or decreased by owners					1,487,600.60							1,487,600.60	1,913,494.00	3,401,094.60
1. Common stock contributed by owners													1,913,494.00	1,913,494.00
2. Capital contributed by the holders of other equity instruments														
3. Amounts of share-based payments recognised in shareholders' equity					1,487,600.60							1,487,600.60		1,487,600.60
4. Others														
(III) Profit distribution											-16,883,200.00	-16,883,200.00	366,253.00	-16,516,947.00
1. Withdrawal of surplus reserves														
2. Withdrawal of provision for general risk														
3. Profit distributed to owners (or shareholders)											-16,883,200.00	-16,883,200.00	366,253.00	-16,516,947.00
4. Others														
(IV) Internal carry-forward of shareholders' equity														
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														
3. Surplus reserves offsetting losses														
4. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive income for retained earnings														
6. Others														
(V) Special reserves														
1. Withdrawal for the period														
2. Usage for the period														
(VI) Others														
IV. Balance as at the end of the current period	72,358,900.00				762,132,927.31	47,815,625.17			38,399,577.13		381,120,235.40	1,206,196,014.67	114,505,221.88	1,320,701,236.55

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

Legal Representative: GUAN Weili

Principal in Charge of Accounting: JIN Hui

Head of the Accounting Department: WANG Minhui

Consolidated Statement of Changes in Shareholders' Equity

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Item	Amount for the previous period													
	Equity attributable to owners of the parent company													
		Other equity instruments												
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Provision for general risk	Retained earnings	Subtotal	Minority equity	Total shareholders' equity
I. **Balance as at the end of the previous year**	72,670,000.00				790,024,238.03	22,366,848.64			38,399,577.13		344,285,828.01	1,223,012,794.53	120,288,896.30	1,343,301,690.83
Add: changes in accounting policies														
Correction of accounting errors in prior year														
Business combination under common control														
Others														
II. **Balance as at the beginning of the current year**	72,670,000.00				790,024,238.03	22,366,848.64			38,399,577.13		344,285,828.01	1,223,012,794.53	120,288,896.30	1,343,301,690.83
III. **Increases/decreases in the current period ("-" for decreases)**	-311,100.00				-107,455.91						14,729,359.57	14,310,803.66	2,664,714.73	16,975,518.39
(I) Total comprehensive income											36,530,359.57	36,530,359.57	-9,761,241.42	26,769,118.15
(II) Capital contributed or decreased by owners	-311,100.00				-107,455.91							-418,555.91	12,425,956.15	12,007,400.24
1. Common stock contributed by owners	-311,100.00				-2,939,298.96							-3,250,398.96	12,425,956.15	9,175,557.19
2. Capital contributed by the holders of other equity instruments														
3. Amounts of share-based payments recognised in owner's equity					2,831,843.05							2,831,843.05		2,831,843.05
4. Others														
(III) Profit distribution											-21,801,000.00	-21,801,000.00		-21,801,000.00
1. Withdrawal of surplus reserves														
2. Withdrawal of provision for general risk														
3. Profit distributed to owners (or shareholders)											-21,801,000.00	-21,801,000.00		-21,801,000.00
4. Others														
(IV) Internal carry-forward of shareholders' equity														
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														
3. Surplus reserves offsetting losses														
4. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive income for retained earnings														
6. Others														
(V) Special reserves														
1. Withdrawal for the period														
2. Usage for the period														
(VI) Others														
IV. **Balance as at the end of the current period**	72,358,900.00				789,916,782.12	22,366,848.64			38,399,577.13		359,015,187.58	1,237,323,598.19	122,953,611.03	1,360,277,209.22

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

Legal Representative: GUAN Weili

Principal in Charge of Accounting: JIN Hui

Head of the Accounting Department: WANG Minhui

Parent Company's Statement of Changes in Shareholders' Equity

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

Item	Amount for the current period										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others							
I. Balance as at the end of the previous year	72,358,900.00				833,848,391.98	47,815,625.17			38,399,577.13	287,421,636.91	1,184,212,880.85
Add: changes in accounting policies											
Correction of accounting errors in prior year											
Others											
II. Balance as at the beginning of the current year	72,358,900.00				833,848,391.98	47,815,625.17			38,399,577.13	287,421,636.91	1,184,212,880.85
III. Increases/decreases in the current period ("-" for decreases)					1,487,600.60					886,558.18	2,374,158.78
(I) Total comprehensive income										17,769,758.18	17,769,758.18
(II) Capital contributed or decreased by owners					1,487,600.60						1,487,600.60
1. Common stock contributed by owners											
2. Capital contributed by the holders of other equity instruments											
3. Amounts of share-based payments recognised in shareholders' equity					1,487,600.60						1,487,600.60
4. Others											
(III) Profit distribution										-16,883,200.00	-16,883,200.00
1. Withdrawal of surplus reserves											
2. Profit distributed to owners or shareholders										-16,883,200.00	-16,883,200.00
3. Others											
(IV) Internal carry-forward of shareholders' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Withdrawal for the period											
2. Usage for the period											
(VI) Others											
IV. Balance as at the end of the current period	72,358,900.00				835,335,992.58	47,815,625.17			38,399,577.13	288,308,195.09	1,186,587,039.63

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

Legal Representative: GUAN Weili

Principal in Charge of Accounting: JIN Hui

Head of the Accounting Department: WANG Minhui

Parent Company's Statement of Changes in Shareholders' Equity

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

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

Legal Representative: GUAN Weili

Principal in Charge of Accounting: JIN Hui

Head of the Accounting Department: WANG Minhui

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

1 Company profile

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

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

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

As at 30 June 2026, the Company's accumulative total issued share capital was 72,358,900 shares and the Company's registered capital was RMB72,358,900.

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

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

The actual controlling persons of the Company are Guan Weili and his spouse Wang Lianyue.

On 21 September 2026, the financial statements were approved for issue by the Board of Directors of the Company.

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

2 Basis for preparation of the financial statements

2.1 Basis for preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards and various specific accounting standards, the Accounting Standards for Business Enterprises – Application Guidelines, the Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively, the "Accounting Standards for Business Enterprises") issued by the Ministry of Finance, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as well as the applicable disclosure provisions of the Hong Kong Companies Ordinance.

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

The accounting policies adopted in these financial statements are consistent with those adopted in the Group's financial statements for the year 2025. The interim financial statements of the Group shall be read together with the financial statements for the year 2025.

2.2 Going concern

The financial statements are prepared on a going concern basis.

2.3 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and the parent company's financial position of the Company as at 30 June 2026, and the consolidated and the parent company's operating results and cash flows for the six months ended 30 June 2026.

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

3 Taxation

3.1 Main tax types and tax rates

Tax type	Basis of tax assessment	Tax rate
Value-added tax	Value-added tax payable shall be the difference obtained by the output taxes calculated based on the income from the sale of goods and taxable services as computed by tax laws less the input taxes allowed to be deducted for the current period	3%, 6%, 13%
City maintenance and construction tax	Based on the actual turnover tax paid	7%
Educational surcharge	Based on the actual turnover tax paid	5%
Property tax	70% of the original value of the property or the rental income	1.2% or 12%
Enterprise income tax	Based on taxable income	15%, 20%, 25%

Notes to disclosure of enterprises with different enterprise income tax rates

Taxpayer	Income tax rate
Wenzhou Kangning Hospital Co., Ltd.	15%
Zhejiang Jerinte Health Technology Co., Ltd.	15%
Wenzhou Kangning Judicial Forensic Centre	20%
Hangzhou Cining Hospital Co., Ltd.	20%
Wenzhou Deci Care Service Co., Ltd.	20%
Wenzhou Deci Nursing Station Co., Ltd.	20%
Wenzhou Deyi Care Co., Ltd.	20%
Wenzhou Deci Education Technology Co., Ltd.	20%

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

3 Taxation *(Continued)*

3.2 Tax preferences

1. Pursuant to the relevant requirements under the *Circular on the Overall Promotion of Pilot Program of Levying VAT in Place of Business Tax* (Cai Shui [2016] No. 36) jointly issued by the Ministry of Finance and the State Taxation Administration, the Company and its subsidiaries comply with the provisions of the *Administrative Measures on Medical Institutions* (Order of the State Council No. 149) issued by the State Council and the *Implementation Measures of the Administrative Measures on Medical Institutions* (Order of the Ministry of Health No. 35) issued by the Ministry of Health and the medical services provided by them are exempted from value-added tax upon the registration and obtaining the Medical Institution Practicing License.

2. Pursuant to relevant tax regulations, during the Reporting Period, the income from judicial forensic services provided by the Wenzhou Kangning Judicial Forensic Centre, a subsidiary of the Company, shall be subject to VAT at the rate of 3%.

3. Pursuant to the *Measures for the Implementation of the Pilot Plan for Levying VAT in Place of Business Tax under the Circular on the Overall Promotion of Pilot Program of Levying VAT in Place of Business Tax* (Cai Shui [2016] No. 36) jointly issued by the Ministry of Finance and the State Taxation Administration, during the Reporting Period, the income from rendering of management and consultation services provided by the Company and its subsidiaries was subject to VAT at the rate of 6% or a levy rate of 3%.

4. The Company obtained the High-tech Enterprise Certificate (No. GR202433013060) issued by the Department of Science and Technology of Zhejiang Province, with a term of validity of 3 years. Under Article 28 of the Enterprise Income Tax Law of the People's Republic of China, the Company was subject to the reduced enterprise income tax rate of 15% from 1 January 2025 to 31 December 2027.

5. On 8 December 2023, Zhejiang Jerinte Health Technology Co., Ltd., a subsidiary of the Company, obtained the High-tech Enterprise Certificate (No. GR202333001809) issued by the Department of Science and Technology of Zhejiang Province, with a term of validity of 3 years. Under Article 28 of the Enterprise Income Tax Law of the People's Republic of China, the company was subject to the reduced enterprise income tax rate of 15% from 1 January 2023 to 31 December 2026.

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

3 Taxation *(Continued)*

3.2 Tax preferences *(Continued)*

6. According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Preferential Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement of the Ministry of Finance and the State Taxation Administration [2023] No.6), for small low-profit enterprises, the part of annual taxable income not exceeding RMB1 million shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a rate of 20%.

4 Notes to main items of the consolidated financial statements

Note: Balance as at the end of the previous year in the notes to the financial statements refers to the amount in the financial statements as at 31 December 2025 (audited), and balance as at the end of the period refers to the amount in the financial statements as at 30 June 2026 (unaudited), the current period refers to the six months ended 30 June 2026 (unaudited), and the previous period refers to the six months ended 30 June 2025 (unaudited).

4.1 Cash at bank and on hand

Item	Balance as at the end of the period	Balance as at the end of the previous year
Cash on hand	**239,908.03**	231,487.96
Bank deposits	**311,069,596.19**	287,835,608.12
Other cash at bank and on hand	**979,458.47**	5,972,764.80
Total	**312,288,962.69**	294,039,860.88

Other description:

As at 30 June 2026, the Company's restricted cash included a total of RMB1,376,454.52, including ETC deposit, foreign exchange supervision account funds, etc., as detailed in Note 4.19.

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.2 Financial assets held for trading

Item	Balance as at the end of the period	Balance as at the end of the previous year
Financial assets measured at fair value through the current profit or loss	8,916,323.73	8,573,388.20
Including: equity instrument investments	8,916,323.73	8,573,388.20
Total	8,916,323.73	8,573,388.20

4.3 Notes receivable

4.3.1 Presentation of notes receivable by category

Item	Balance as at the end of the period	Balance as at the end of the previous year
Bank acceptance bills	2,102,126.86	1,486,564.55
Total	2,102,126.86	1,486,564.55

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.3 Notes receivable *(Continued)*

4.3.2 Disclosure under methods of provision for bad debts by category

	Balance as at the end of the period					Balance as at the end of the previous year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
Category	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts by portfolio with the credit risk characteristics	2,102,126.86	100.00			2,102,126.86	1,486,564.55	100.00			1,486,564.55
Including:										
Portfolio of bank acceptance bill	2,102,126.86	100.00			2,102,126.86	1,486,564.55	100.00			1,486,564.55
Total	2,102,126.86	100.00			2,102,126.86	1,486,564.55	100.00			1,486,564.55

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.3 Notes receivable *(Continued)*

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

Item accrued on a portfolio basis:

	Balance as at the end of the period		
Name	Notes receivable	Provision for bad debts	Proportion of provision (%)
Portfolio of bank acceptance bill	2,102,126.86		
Total	2,102,126.86		

4.3.3 At the end of the period, the Company had no pledged notes receivable.

4.3.4 At the end of the period, the Company's endorsed or discounted and not yet due notes receivable

Item	Amount derecognised as at the end of the period	Amount not derecognised as at the end of the period
Bank acceptance bill		1,802,126.86
Total		1,802,126.86

4.3.5 There were no notes receivable actually charged off in the current period.

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.4 Accounts receivable

4.4.1 Disclosure of accounts receivable by aging

Aging	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year (including 1 year)	401,958,284.54	461,352,554.54
1 – 2 years	26,119,529.25	25,588,614.28
2 – 3 years	10,656,739.75	8,844,667.79
Over 3 years	7,248,551.51	7,368,906.35
Sub-total	445,983,105.05	503,154,742.96
Less: provision for bad debts	45,102,726.45	40,215,173.14
Total	400,880,378.60	462,939,569.82

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.4 Accounts receivable *(Continued)*

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

	Balance as at the end of the period					Balance as at the end of the previous year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
Type	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on an individual basis	25,662,713.50	5.75	19,530,306.20	76.10	6,132,407.30	15,171,843.80	3.02	15,171,843.80	100.00	
Including:										
Medical fees due from patients	25,662,713.50	5.75	19,530,306.20	76.10	6,132,407.30	15,171,843.80	3.02	15,171,843.80	100.00	
Provision for bad debts by portfolio with the credit risk characteristics	420,320,391.55	94.25	25,572,420.25	6.08	394,747,971.30	487,982,899.16	96.98	25,043,329.34	5.13	462,939,569.82
Including:										
Portfolio of overdue days	420,320,391.55	94.25	25,572,420.25	6.08	394,747,971.30	487,982,899.16	96.98	25,043,329.34	5.13	462,939,569.82
Total	445,983,105.05	100.00	45,102,726.45	/	400,880,378.60	503,154,742.96	100.00	40,215,173.14	/	462,939,569.82

Significant accounts receivable with individual provision for bad debts:

	Balance as at the end of the period				Balance as at the end of the previous year	
Name	Book balance	Provision for bad debts	Proportion of provision (%)	Basis of provision	Book balance	Provision for bad debts
Medical fees due from patients	25,662,713.50	19,530,306.20	76.10	Provision for bad debts for lifetime expected credit loss	15,171,843.80	15,171,843.80
Total	25,662,713.50	19,530,306.20	/	/	15,171,843.80	15,171,843.80

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.4 Accounts receivable *(Continued)*

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

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

Item accrued on a portfolio basis:

	Balance as at the end of the period		
Name	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Portfolio of overdue days	420,320,391.55	25,572,420.25	6.08
Total	420,320,391.55	25,572,420.25	/

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

Type	Balance as at the end of the previous year	Changes in the current period				Balance as at the end of the period
		Provision	Recovery or reversal	Written-back or written-off	Other changes	
Provision for bad debts accrued on an individual basis	15,171,843.80	18,017,650.91		13,659,188.51		19,530,306.20
Provision for bad debts accrued on a portfolio basis	25,043,329.34	529,090.91				25,572,420.25
Total	40,215,173.14	18,546,741.82		13,659,188.51		45,102,726.45

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.4 Accounts receivable *(Continued)*

4.4.4 Accounts receivable actually charged off in the current period

Item	Charge-off amount
Accounts receivable actually charged off	604,568.51

4.5 Advances to suppliers

Presentation of advances to suppliers by aging

	Balance as at the end of the period		Balance as at the end of the previous year	
Aging	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	15,646,935.50	100.00	15,788,868.62	99.98
1-2 years	226.69		3,700.00	0.02
Total	15,647,162.19	100.00	15,792,568.62	100.00

4.6 Other receivables

Item	Balance as at the end of the period	Balance as at the end of the previous year
Interest receivable		787,500.00
Other receivables	75,077,168.55	77,003,156.08
Total	75,077,168.55	77,790,656.08

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.6 Other receivables *(Continued)*

4.6.1 Interest receivable

(1) Classification of interest receivable

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

4.6.2 Other receivables

(1) Disclosure by aging

Aging	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year (including 1 year)	38,835,165.68	4,457,721.23
1 – 2 years	4,124,932.40	22,576,274.23
2 – 3 years	8,852,533.24	45,220,543.09
3 – 4 years	23,810,754.65	3,648,182.82
4 – 5 years	3,038,043.54	8,293,985.49
Over 5 years	11,910,414.31	9,073,199.23
Sub-total	90,571,843.82	93,269,906.09
Less: provision for bad debts	15,494,675.27	16,266,750.01
Total	75,077,168.55	77,003,156.08

The Company's other receivables are analyzed by aging based on the month when the payment actually occurs, and the payment that occurs first is settled in priority when the funds are recovered.

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.6 Other receivables *(Continued)*

4.6.2 Other receivables (Continued)

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

	Balance as at the end of the period					Balance as at the end of the previous year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
Category	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on an individual basis	13,694,758.77	15.12	13,694,758.77	100.00		14,273,961.68	15.30	14,273,961.68	100.00	
Including:										
Quzhou Dakang Rehabilitation Hospital Co., Ltd.						579,202.91	0.62	579,202.91	100.00	
Sichuan Hongji Pharmaceutical Co., Ltd.	10,204,311.69	11.27	10,204,311.69	100.00		10,204,311.69	10.94	10,204,311.69	100.00	
Wang Changsheng	3,490,447.08	3.85	3,490,447.08	100.00		3,490,447.08	3.74	3,490,447.08	100.00	
Provision for bad debts by portfolio with the credit risk characteristics	76,877,085.05	84.88	1,799,916.50	2.34	75,077,168.55	78,995,944.41	84.70	1,992,788.33	2.52	77,003,156.08
Including:										
Combination of nature and characteristics of fund	76,877,085.05	84.88	1,799,916.50	2.34	75,077,168.55	78,995,944.41	84.70	1,992,788.33	2.52	77,003,156.08
Total	90,571,843.82	100.00	15,494,675.27	/	75,077,168.55	93,269,906.09	100.00	16,266,750.01	/	77,003,156.08

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.6 Other receivables *(Continued)*

4.6.2 Other receivables (Continued)

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

Significant other receivables with individual provision for bad debts:

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

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

Item accrued on a portfolio basis:

	Balance as at the end of the period		
Name	Other receivables	Provision for bad debts	Proportion of provision (%)
Combination of nature and characteristics of fund	76,877,085.05	1,799,916.50	2.34
Total	76,877,085.05	1,799,916.50	/

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.6 Other receivables *(Continued)*

4.6.2 Other receivables (Continued)

(3) Information of provision for bad debts:

Provision for bad debts	Stage I Expected credit loss in the next 12 months	Stage II Lifetime expected credit loss (without credit impairment)	Stage III Lifetime expected credit loss (with credit impairment)	Total
Balance as at the end of the previous year	1,992,788.33		14,273,961.68	16,266,750.01
In current period, balance as at the end of the previous year				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Provision in the current period				
Reversal in the current period	59,214.55		579,202.91	638,417.46
Written back in the current period	123,657.28			123,657.28
Written off in the current period	10,000.00			10,000.00
Other changes				
Balance as at the end of the period	1,799,916.50		13,694,758.77	15,494,675.27

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.6 Other receivables *(Continued)*

4.6.2 Other receivables (Continued)

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

Category	Balance as at the end of the previous year	Changes in the current period: Provision	Recovery or reversal	Write-off or charge-off	Other changes	Balance as at the end of the period
Provision for bad debts accrued on an individual basis	14,273,961.68		579,202.91			13,694,758.77
Provision for bad debts accrued on a portfolio basis	1,992,788.33		59,214.55	133,657.28		1,799,916.50
Total	16,266,750.01		638,417.46	133,657.28		15,494,675.27

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

Item	Amount charged off
Other receivables actually charged off	10,000.00

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

Nature of payment	Book balance as at the end of the period	Book balance as at the end of the previous year
Deposit and security deposit	17,885,752.74	18,920,171.46
Staff loans	34,457,000.00	34,457,000.00
Loans	4,174,608.06	4,623,062.39
Advanced payment	3,124,295.56	2,222,809.83
Receivables from related parties	30,800,187.46	32,452,361.95
Others	130,000.00	594,500.46
Total	90,571,843.82	93,269,906.09

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.7 Inventories

	Balance as at the end of the period			Balance as at the end of the previous year		
Category	Book balance	Provision for inventory depreciation/ Provision for impairment of contract performance cost	Book value	Book balance	Provision for inventory depreciation/ Provision for impairment of contract performance cost	Book value
Revolving materials	424,994.90		424,994.90	567,310.08		567,310.08
Stock commodities	40,884,690.50		40,884,690.50	45,089,109.86		45,089,109.86
Commodities dispatched	2,454,050.67		2,454,050.67	376,123.14		376,123.14
Total	43,763,736.07		43,763,736.07	46,032,543.08		46,032,543.08

4.8 Other current assets

Item	Balance as at the end of the period	Balance as at the end of the previous year
Input tax to be deducted	21,909,074.61	23,120,442.10
Enterprise income tax prepaid		12,210.28
Deferred expenses	546,907.74	2,248,043.70
Total	22,455,982.35	25,380,696.08

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.9 Long-term equity investments

4.9.1 Details of long-term equity investments

Investee	Balance as at the end of the previous year (Book value)	Balance of provision for impairment as at the end of the previous year	Increase/decrease in current period: Additional investment	Reduced investment	Profit or loss on investments recognised under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others	Balance as at the end of the period (Book value)	Balance of provision for impairment as at the end of the period
Hangzhou Ancare Medical Technology Co., Ltd.	9,316,664.65				831,424.73						10,148,089.38	
Wenzhou Longwan Yining Hospital Co., Ltd.	56,002,864.79				-310,665.51						55,692,199.28	
Shaanxi Shanda Hospital Management Consulting Co., Ltd.	20,891,659.34				-1,134,399.41						19,757,259.93	
Chongqing Hechuan Kangning Hospital Co., Ltd.	831,375.76	5,983,353.47		9,852,000.00	4,049,205.94				-5,864,305.45		892,887.16	119,048.02
Zhejiang Fengsheng Nutrition Technology Co., Ltd.	4,552,518.81				-101,568.88						4,450,949.93	
Wenzhou Ouyue Health Management Co., Ltd.	4,317,308.57		800,000.00		-156,709.76						4,960,598.81	
Hangzhou Yining Mental Health Management Co., Ltd.												
Total	95,912,391.92	5,983,353.47	800,000.00	9,852,000.00	3,177,287.11				-5,864,305.45		95,901,984.49	119,048.02

Other description:

1、 In May 2026, pursuant to the resolution of the shareholders' meeting of Chongqing Hechuan Kangning Hospital Co., Ltd., the investors reduced the capital in proportion to their respective shareholdings, of which the Company could obtain the capital reduction of RMB9,852,000.00 according to the shareholding ratio of 40%, and the long-term equity investments of RMB9,852,000.00 and the corresponding provision for impairment of long-term equity investments of RMB5,864,305.45 were reduced accordingly.

2、 In February 2026, the Company made a paid-in capital contribution of RMB800,000.00 to Wenzhou Ouyue Health Management Co., Ltd.

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.9 Long-term equity investments *(Continued)*

4.9.2 Impairment test of long-term equity investments

In the period, the Company conducted an impairment test on Chongqing Hechuan Kangning Hospital Co., Ltd., and determined its recoverable amount based on the net amount of the present value of estimated future cash flows minus disposal expenses, and recognised the provision for impairment of the relevant long-term equity investments of RMB119,048.02.

4.10 Other non-current financial assets

Item	Balance as at the end of the period	Balance as at the end of the previous year
Financial assets measured at fair value through the current profit or loss	23,922,657.55	28,123,065.82
Including: equity instrument investments	23,922,657.55	28,123,065.82
Total	23,922,657.55	28,123,065.82

4.11 Fixed assets

4.11.1 Fixed assets and disposal of fixed assets

Item	Balance as at the end of the period	Balance as at the end of the previous year
Fixed assets	1,175,045,360.14	1,159,366,939.63
Disposal of fixed assets		
Total	1,175,045,360.14	1,159,366,939.63

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.11 Fixed assets *(Continued)*

4.11.2 Breakdown of fixed assets

Item	Buildings and constructions	Medical equipment	Transportation facilities	Electronic and other equipment	Fixed assets acquired under leaseback after sale and finance lease	Total
1. Original book value						
(1) Balance as at the end of the previous year	1,285,625,134.84	89,677,614.58	14,444,580.86	83,989,797.49	90,666,399.96	**1,564,403,527.73**
(2) Increase in the current period	31,704,931.89	10,289,149.00	484,858.41	3,465,313.34	7,002,753.60	**52,947,006.24**
– Purchase	18,958,386.11	10,289,149.00	484,858.41	3,465,313.34		**33,197,706.86**
– Transferred to construction in progress	7,750,450.31					**7,750,450.31**
– Others	4,996,095.47				7,002,753.60	**11,998,849.07**
(3) Decrease in the current period	1,728,000.00	11,054,794.94	592,659.00	2,118,470.61	4,705,176.60	**20,199,101.15**
– Disposal or scrapping		7,429,705.54	592,659.00	1,150,386.55	3,436,420.00	**12,609,171.09**
– Others	1,728,000.00	3,625,089.40		968,084.06	1,268,756.60	**7,589,930.06**
(4) Balance as at the end of the period	1,315,602,066.73	88,911,968.64	14,336,780.27	85,336,640.22	92,963,976.96	**1,597,151,432.82**
2. Accumulated depreciation						
(1) Balance as at the end of the previous year	190,782,813.67	71,665,898.55	11,600,666.92	68,004,376.89	62,982,832.07	**405,036,588.10**
(2) Increase in the current period	19,489,949.91	4,887,216.64	663,864.16	4,459,533.25	4,949,666.53	**34,450,230.49**
– Provision	18,643,498.07	4,487,710.28	663,864.16	4,459,533.25	4,949,666.53	**33,204,272.29**
– Others	846,451.84	399,506.36				**1,245,958.20**
(3) Decrease in the current period	23,451.43	10,930,797.63	593,034.67	2,094,287.43	3,739,174.75	**17,380,745.91**
– Disposal or scrapping		7,292,359.70	567,798.46	1,117,078.69	3,344,235.00	**12,321,471.85**
– Others	23,451.43	3,638,437.93	25,236.21	977,208.74	394,939.75	**5,059,274.06**
(4) Balance as at the end of the period	210,249,312.15	65,622,317.56	11,671,496.41	70,369,622.71	64,193,323.85	**422,106,072.68**
3. Provision for impairment						
(1) Balance as at the end of the previous year						
(2) Increase in the current period						
(3) Decrease in the current period						
(4) Balance as at the end of the period						
4. Book value						
(1) Book value as at the end of the period	1,105,352,754.58	23,289,651.08	2,665,283.86	14,967,017.51	28,770,653.11	**1,175,045,360.14**
(2) Book value as at the end of the previous year	1,094,842,321.17	18,011,716.03	2,843,913.94	15,985,420.60	27,683,567.89	**1,159,366,939.63**

Other notes:

As at 30 June 2026, the fixed assets with a book value of RMB269,924,833.64 were used as collateral for bank borrowings and finance leases, as detailed in Note 4.19.

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.12 Construction in progress

4.12.1 Construction in progress and project materials

	Balance as at the end of the period			Balance as at the end of the previous year		
Item	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Construction in progress	18,010,945.28		18,010,945.28	13,091,854.50		13,091,854.50
Project materials						
Total	18,010,945.28		18,010,945.28	13,091,854.50		13,091,854.50

4.12.2 Details of construction in progress

	Balance as at the end of the period			Balance as at the end of the previous year		
Item	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Loudi Kangning Hospital renovation project	1,244,336.00		1,244,336.00	1,135,716.00		1,135,716.00
Wenzhou Kangning Hospital renovation project	1,025,192.00		1,025,192.00	911,592.00		911,592.00
Chengdu Yining Hospital renovation project	3,174,380.65		3,174,380.65	1,756,128.00		1,756,128.00
Quzhou Yining Hospital expansion project	3,352,254.64		3,352,254.64	2,497,808.10		2,497,808.10
Wenzhou Cining Hospital campus renovation project	5,049,131.00		5,049,131.00	5,045,131.00		5,045,131.00
Linhai Cining Hospital renovation project	4,039,650.99		4,039,650.99			
Other minor decoration projects	126,000.00		126,000.00	1,745,479.40		1,745,479.40
Total	18,010,945.28		18,010,945.28	13,091,854.50		13,091,854.50

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.12 Construction in progress *(Continued)*

4.12.3 Changes in important construction projects in progress in current period

Project name	Budget (RMB '0,000)	Balance as at the end of the previous year	Increase in current period	Amount transferred to fixed assets in current period	Other decreases in current period	Balance as at the end of the period	Proportion of accumulated project investment in budget (%)	Project progress (%)	Accumulated capitalised amount of interest	Including: capitalization amount of interest in current period	Capitalization rate of interest in current period (%)	Source of funds
Wenzhou Cining Hospital campus renovation project	833.60	5,045,131.00	4,000.00			5,049,131.00	60.52	60.00				Self-owned funds
Linhai Cining Hospital renovation project	711.00		4,039,650.99			4,039,650.99	56.82	60.00				Self-owned funds
Total	/	5,045,131.00	4,043,650.99			9,088,781.99	/	/				

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.13 Right-of-use assets

Item	Buildings and constructions	Total
1. Original book value		
(1) Balance as at the end of the previous year	349,926,391.02	349,926,391.02
(2) Increase in the current period	858,031.31	858,031.31
– Newly-added leases	1,690,178.52	1,690,178.52
– Revaluation adjustment	-832,147.21	-832,147.21
(3) Decrease in the current period	3,872,567.49	3,872,567.49
– Termination of the lease	3,872,567.49	3,872,567.49
(4) Balance as at the end of the period	**346,911,854.84**	**346,911,854.84**
2. Accumulated depreciation		
(1) Balance as at the end of the previous year	157,572,282.79	157,572,282.79
(2) Increase in the current period	15,946,163.68	15,946,163.68
– Provision	16,339,755.30	16,339,755.30
– Revaluation adjustment	-393,591.62	-393,591.62
(3) Decrease in the current period	3,412,321.95	3,412,321.95
– Termination of the lease	3,412,321.95	3,412,321.95
(4) Balance as at the end of the period	**170,106,124.52**	**170,106,124.52**
3. Provision for impairment		
(1) Balance as at the end of the previous year		
(2) Increase in the current period		
(3) Decrease in the current period		
(4) Balance as at the end of the period		
4. Book value		
(1) Book value as at the end of the period	**176,805,730.32**	**176,805,730.32**
(2) Book value as at the end of the previous year	192,354,108.23	192,354,108.23

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.14 Intangible assets

Item	Land use right	Trademark right	Software	Medical practicing qualification	Contractual right to provide management services	Total
1. Original book value						
(1) Balance as at the end of the previous year	163,459,981.01	3,061,637.13	21,903,480.22	240,837,000.00	32,400,000.00	461,662,098.36
(2) Increase in the current period	3,748,571.32		3,016,152.39			6,764,723.71
– Purchase			3,016,152.39			3,016,152.39
– Others	3,748,571.32					3,748,571.32
(3) Decrease in the current period			5,704,571.32		30,000,000.00	35,704,571.32
– Disposal			1,956,000.00		30,000,000.00	31,956,000.00
– Others			3,748,571.32			3,748,571.32
(4) Balance as at the end of the period	**167,208,552.33**	**3,061,637.13**	**19,215,061.29**	**240,837,000.00**	**2,400,000.00**	**432,722,250.75**
2. Accumulated amortisation						
(1) Balance as at the end of the previous year	26,587,032.78	1,734,910.61	12,666,032.28	106,649,007.03	14,267,857.20	161,904,839.90
(2) Increase in the current period	1,805,986.73	165,007.68	721,278.82	11,611,873.83	239,285.72	14,543,432.78
– Provision	1,805,986.73	165,007.68	721,278.82	11,611,873.83	239,285.72	14,543,432.78
(3) Decrease in the current period			1,241,032.65		13,250,000.00	14,491,032.65
– Disposal			1,241,032.65		13,250,000.00	14,491,032.65
(4) Balance as at the end of the period	**28,393,019.51**	**1,899,918.29**	**12,146,278.45**	**118,260,880.86**	**1,257,142.92**	**161,957,240.03**
3. Provision for impairment						
(1) Balance as at the end of the previous year				14,000,000.04		14,000,000.04
(2) Increase in the current period						
(3) Decrease in the current period						
(4) Balance as at the end of the period				**14,000,000.04**		**14,000,000.04**
4. Book value						
(1) Book value as at the end of the period	**138,815,532.82**	**1,161,718.84**	**7,068,782.84**	**108,576,119.10**	**1,142,857.08**	**256,765,010.68**
(2) Book value as at the end of the previous year	136,872,948.23	1,326,726.52	9,237,447.94	120,187,992.93	18,132,142.80	285,757,258.42

Other notes:

As at 30 June 2026, the intangible assets with the book value of RMB89,344,625.89 were used as collateral for bank borrowings. See Note 4.19 for details.

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.15 Goodwill

4.15.1 Changes in goodwill

Name of the investee or matters forming goodwill	Balance as at the end of the previous year	Increase in the current period: Amount formed through business combination	Increase in the current period: Others	Decrease in the current period: Disposal	Decrease in the current period: Others	Balance as at the end of the period
Original book value						
Nanjing Yining Hospital Co., Ltd.	9,271,800.00					9,271,800.00
Heze Yining Psychiatric Hospital Co., Ltd.	690,331.47					690,331.47
Guanxian Yining Hospital Co., Ltd.	1,549,022.38					1,549,022.38
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	7,784,850.00					7,784,850.00
Beijing Yining Hospital Co., Ltd.	22,987,331.04					22,987,331.04
Wenzhou Yixin Health Technology Co., Ltd.	151,048.40					151,048.40
Huainan Kangning Hospital Co., Ltd.	5,068,959.78					5,068,959.78
Changchun Kanglin Psychological Hospital Co., Ltd.	6,843,288.91					6,843,288.91
Wenzhou Cining Hospital Co., Ltd.	19,416,285.97					19,416,285.97
Pingyang Changgeng Yining Hospital Co., Ltd.	51,770,194.67					51,770,194.67
Hangzhou Yining Nursery Service Co., Ltd.	1,272,643.00					1,272,643.00
Jinyun Shuning Hospital Co., Ltd.	5,060,323.85					5,060,323.85
Loudi City Kangle Kangning Hospital Co., Ltd.	283,528.10					283,528.10
Dongkou Lening Hospital Co., Ltd.	2,502,854.13					2,502,854.13
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	9,564,442.65					9,564,442.65
Hangzhou Yining Hospital Co., Ltd.	12,898,816.77					12,898,816.77
Wenzhou Deci Care Service Co., Ltd.	11,081,970.63					11,081,970.63
Sub-total	168,197,691.75					168,197,691.75
Provision for impairment						
Beijing Yining Hospital Co., Ltd.	22,987,331.04					22,987,331.04
Guanxian Yining Hospital Co., Ltd.	1,549,022.38					1,549,022.38
Jinyun Shuning Hospital Co., Ltd.	5,060,323.85					5,060,323.85
Heze Yining Psychiatric Hospital Co., Ltd.	690,331.47					690,331.47
Dongkou Lening Hospital Co., Ltd.	2,502,854.13					2,502,854.13
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	7,705,714.73					7,705,714.73
Hangzhou Yining Nursery Service Co., Ltd.	1,247,176.52					1,247,176.52
Sub-total	41,742,754.12					41,742,754.12
Book value	126,454,937.63					126,454,937.63

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.15 Goodwill *(Continued)*

4.15.2 Composition of the asset group or combination of asset groups to which the goodwill belongs and relevant information of the operating segments to which the goodwill belongs

Name	Composition and basis of the asset group or combination of asset groups	Whether it is consistent with the previous years
Nanjing Yining Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Heze Yining Psychiatric Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Guanxian Yining Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Beijing Yining Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Wenzhou Yixin Health Technology Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Huainan Kangning Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Changchun Kanglin Psychological Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Wenzhou Cining Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Pingyang Changgeng Yining Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Hangzhou Yining Nursery Service Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Jinyun Shuning Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Loudi City Kangle Kangning Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Dongkou Lening Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Hangzhou Yining Hospital Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent
Wenzhou Deci Care Service Co., Ltd.	Asset groups that synergize with goodwill and can independently generate cash flow	Consistent

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.15 Goodwill *(Continued)*

4.15.3 Specific determination method of recoverable amount

The recoverable amount is determined based on the present value of the estimated future cash flows:

Item	Book value	Recoverable amount	Amount of impairment (Notes:)	Years of the forecast period	Key parameters (growth rate, profit margin, etc.) during the forecast period	Determination basis of the key parameters during the forecast period	Key parameters (growth rate, profit margin, discount rate, etc.) during the stabilization period	Determination basis of the key parameters during the stabilization period
Nanjing Yining Hospital Co., Ltd.	27,409,156.22	36,000,000.00		5	See Note 4.15.4 Key parameters of goodwill impairment test	Historical data of similar business	2.10%	Based on 5-year cash flow forecast approved by the management
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	5,369,459.16	6,000,000.00		5	See Note 4.15.4 Key parameters of goodwill impairment test	Historical data of similar business	2.10%	Based on 5-year cash flow forecast approved by the management
Huainan Kangning Hospital Co., Ltd.	10,915,345.65	20,000,000.00		5	See Note 4.15.4 Key parameters of goodwill impairment test	Historical data of similar business	2.20%	Based on 5-year cash flow forecast approved by the management
Changchun Kanglin Psychological Hospital Co., Ltd.	19,346,122.81	38,000,000.00		5	See Note 4.15.4 Key parameters of goodwill impairment test	Historical data of similar business	2.10%	Based on 5-year cash flow forecast approved by the management
Wenzhou Cining Hospital Co., Ltd.	43,740,349.95	74,000,000.00		5	See Note 4.15.4 Key parameters of goodwill impairment test	Historical data of similar business	2.20%	Based on 5-year cash flow forecast approved by the management
Pingyang Changgeng Yining Hospital Co., Ltd.	149,712,997.39	188,000,000.00		5	See Note 4.15.4 Key parameters of goodwill impairment test	Historical data of similar business	2.20%	Based on 5-year cash flow forecast approved by the management

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.15 Goodwill *(Continued)*

4.15.3 Specific determination method of recoverable amount (Continued)

The recoverable amount is determined based on the present value of the estimated future cash flows: (Continued)

Item	Book value	Recoverable amount	Amount of impairment (Notes:)	Years of the forecast period	Key parameters (growth rate, profit margin, etc.) during the forecast period	Determination basis of the key parameters during the forecast period	Key parameters (growth rate, profit margin, discount rate, etc.) during the stabilization period	Determination basis of the key parameters during the stabilization period
Hangzhou Yining Nursery Service Co., Ltd.	1,201,035.69	1,300,000.00		5	See Note 4.15.4 Key parameters of goodwill impairment test	Historical data of similar business	2.20%	Based on 5-year cash flow forecast approved by the management
Dongkou Lening Hospital Co., Ltd.	3,786,855.48	5,000,000.00		5	See Note 4.15.4 Key parameters of goodwill impairment test	Historical data of similar business	2.10%	Based on 5-year cash flow forecast approved by the management
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	46,942,654.65	54,000,000.00		5	See Note 4.15.4 Key parameters of goodwill impairment test	Historical data of similar business	2.10%	Based on 5-year cash flow forecast approved by the management
Hangzhou Yining Hospital Co., Ltd.	84,221,585.08	93,100,000.00		5	See Note 4.15.4 Key parameters of goodwill impairment test	Historical data of similar business	2.10%	Based on 5-year cash flow forecast approved by the management
Wenzhou Deci Care Service Co., Ltd.	12,546,488.99	28,000,000.00		5	See Note 4.15.4 Key parameters of goodwill impairment test	Historical data of similar business	2.10%	Based on 5-year cash flow forecast approved by the management
Total	405,192,051.06	543,400,000.00		/	/	/	/	

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.15 Goodwill *(Continued)*

4.15.4 Key parameters of goodwill impairment test

Asset group or combination of asset groups	Key parameters of forecast period: Average number of beds in operation	Average daily cost per bed for inpatients (bed/day/RMB)	Net profit margin	Pre-tax discount rate
Nanjing Yining Hospital Co., Ltd.	147	315	16.34%	10.40%
Hangzhou Yining Co., Ltd.	172	563	6.29%	10.40%
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	243	215	2.90%	12.10%
Huainan Kangning Hospital Co., Ltd.	180	179	15.36%	12.10%
Changchun Kanglin Psychological Hospital Co., Ltd.	323	193	13.55%	12.10%
Wenzhou Cining Hospital Co., Ltd.	330	534	10.57%	11.30%
Pingyang Changgeng Yining Hospital Co., Ltd.	594	556	8.05%	10.40%
Hangzhou Yining Nursery Service Co., Ltd.	56	118	-3.06%	10.40%
Dongkou Leling Hospital Co., Ltd.	224	112	-12.01%	12.10%
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	306	207	7.27%	10.40%
Wenzhou Deci Care Service Co., Ltd.	1,360 (Note)	97		13.67%

Note:

Wenzhou Deci Care Service Co., Ltd. principally provides care services to patients in need, and its average number of beds in operation represents the average care staff for beds within the hospital areas covered by the care services.

4.15.5 Completion of performance commitments

	Completion of performance commitments						Accrued goodwill impairment loss	
	The current period			The previous period			The current period	The previous period
Item	Committed performance	Actual performance	Completion rate	Committed performance	Actual performance	Completion rate		
Wenzhou Deci Care Service Co., Ltd.				3,240,000.00	3,601,100.65	111.15%		

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.16 Long-term prepaid expenses

Item	Balance as at the end of the previous year	Increase in current period	Amortisation in current period	Other decreases	Balance as at the end of the period
Renovation expenses	121,496,442.87	2,662,387.01	19,721,849.52	4,996,095.47	99,440,884.89
Rental expenses	112,847.87		12,913.14		99,934.73
Total	121,609,290.74	2,662,387.01	19,734,762.66	4,996,095.47	99,540,819.62

4.17 Deferred tax assets and deferred tax liabilities

4.17.1 Deferred tax assets before offset

	Balance as at the end of the period		Balance as at the end of the previous year	
Item	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Asset impairment losses	44,044,318.91	9,595,760.87	30,120,762.75	6,119,599.81
Unrealised profits from internal transaction	27,750,762.85	6,937,690.71	33,443,555.30	8,360,888.83
Deductible losses	118,039,423.34	23,727,607.21	138,258,473.65	26,801,073.57
Lease liabilities	195,214,905.99	48,754,718.52	223,998,051.44	55,532,380.08
Share-based payments	62,720,373.89	9,408,056.08	61,917,014.54	9,287,552.18
Total	447,769,784.98	98,423,833.39	487,737,857.68	106,101,494.47

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

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

4.17.2 Deferred tax liabilities before offset

	Balance as at the end of the period		Balance as at the end of the previous year	
Item	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Asset evaluation increment from business combination not under common control	148,639,144.46	37,159,786.12	165,697,546.44	41,424,386.62
Changes in fair value of other non-financial assets	39,633.60	5,945.04	13,879,270.75	2,081,890.61
One-off additional deduction for fixed assets			47,809.41	7,171.41
Right-of-use assets	155,555,730.37	38,835,397.34	192,354,108.28	48,061,288.32
Total	304,234,508.43	76,001,128.50	371,978,734.88	91,574,736.96

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

	As at the end of the period		As at the end of the previous year	
Item	Amount offset in deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after the offset	Amount offset in deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after the offset
Deferred tax assets	45,825,912.31	52,597,921.08	50,754,678.64	55,346,815.83
Deferred tax liabilities	45,825,912.31	30,175,216.19	50,754,678.64	40,820,058.32

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

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

4.17.4 Details of unrecognised deferred tax assets

Item	Balance as at the end of the period	Balance as at the end of the previous year
Deductible temporary differences	**30,672,130.87**	10,523,912.94
Deductible losses	**71,520,644.36**	59,473,871.02
Total	**102,192,775.23**	69,997,783.96

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

Years	Balance as at the end of the period	Balance as at the end of the previous year	Remark
2025		9,062,477.57	
2026	**13,349,694.04**	5,381,372.94	
2027	**11,593,378.19**	6,665,188.33	
2028	**10,210,158.20**	2,344,298.98	
2029	**21,072,453.53**	20,592,483.91	
2030	**15,294,960.40**	15,428,049.29	
Total	**71,520,644.36**	59,473,871.02	

4.18 Other non-current assets

	Balance as at the end of the period			Balance as at the end of the previous year		
Item	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepaid equity investment expenses	**6,001,332.45**		**6,001,332.45**	6,061,296.16		6,061,296.16
Prepayment for house and equipment	**12,748,833.24**		**12,748,833.24**	9,453,564.81		9,453,564.81
Total	**18,750,165.69**		**18,750,165.69**	15,514,860.97		15,514,860.97

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.19 Assets with restrictions on the ownership or use right

	As at the end of the period				As at the end of the previous year			
Item	Book balance	Book value	Type of restriction	Situation of restriction	Book balance	Book value	Type of restriction	Situation of restriction
Cash at bank and on hand	1,365,454.52	1,365,454.52	Frozen	Foreign exchange regulatory account	1,365,109.43	1,365,109.43	Frozen	Foreign exchange regulatory account
	11,000.00	11,000.00	ETC deposit	ETC deposit	5,000,000.00	5,000,000.00	Frozen	Performance bond
Long-term equity investments	254,502,240.91	254,502,240.91	Pledge	Pledged borrowings	254,502,240.91	254,502,240.91	Pledge	Pledged borrowings
Fixed assets	92,963,976.96	28,770,653.11	Mortgage	Sale and leaseback	90,666,399.96	27,683,567.89	Mortgage	Sale and leaseback
	260,090,969.45	241,154,180.53	Mortgage	Mortgaged borrowings	260,090,969.45	248,248,404.63	Mortgage	Mortgaged borrowings
Intangible assets	102,114,565.11	89,344,625.89	Mortgage	Mortgaged borrowings	91,916,306.11	81,298,845.57	Mortgage	Mortgaged borrowings
Total	711,048,206.95	615,148,154.96			703,541,025.86	618,098,168.43		

4.20 Short-term borrowings

Item	Balance as at the end of the period	Balance as at the end of the previous year
Mortgaged borrowings	121,000,000.00	93,720,000.00
Guaranteed borrowings	23,675,386.56	15,523,676.71
Total	144,675,386.56	109,243,676.71

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.21 Financial liabilities held for trading

Item	Balance as at the end of the period	Balance as at the end of the previous year
Financial liabilities held for trading		1,805,503.25
Including: others		1,805,503.25
Total		1,805,503.25

4.22 Notes payable

Category	Balance as at the end of the period	Balance as at the end of the previous year
Bank acceptance bills	26,025,756.94	
Total	26,025,756.94	

4.23 Accounts payable

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

Item	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year	117,073,811.68	156,277,714.53
1 – 2 years	6,061,477.26	2,848,066.71
2 – 3 years	269,266.74	1,229,010.41
Over 3 years	567,171.30	448,300.83
Total	123,971,726.98	160,803,092.48

As of 30 June 2026, there were no significant accounts payable aged over 1 year or overdue (31 December 2025: none).

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.24 Receipts in advance

Item	Balance as at the end of the period	Balance as at the end of the previous year
Advances from goods and medical treatment	**38,250,230.15**	23,327,087.38
Total	**38,250,230.15**	23,327,087.38

4.25 Contract liabilities

Item	Balance as at the end of the period	Balance as at the end of the previous year
Contract consideration received	**268,867.92**	161,104.98
Total	**268,867.92**	161,104.98

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.26 Employee benefits payable

4.26.1 Presentation of employee benefits payable

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Short-term compensation	80,933,318.18	322,397,009.87	338,576,455.62	64,753,872.43
Post-employment benefits – defined contribution plans	3,498,174.72	23,270,242.79	23,170,130.44	3,598,287.07
Total	84,431,492.90	345,667,252.66	361,746,586.06	68,352,159.50

4.26.2 Presentation of short-term compensation

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
(1) Salary, bonus, allowance and subsidies	78,429,558.56	288,208,788.87	304,534,202.79	62,104,144.64
(2) Employee welfare fees	458,834.54	9,258,967.96	9,254,712.75	463,089.75
(3) Social insurance premiums	1,812,873.60	12,566,644.73	12,424,631.10	1,954,887.23
Including: medical insurance premiums	1,724,186.71	11,826,955.00	11,699,201.81	1,851,939.90
Work-related injury insurance premiums	88,686.89	713,448.51	699,188.07	102,947.33
Maternity insurance premiums		26,241.22	26,241.22	
(4) Housing provident funds	205,038.44	12,274,717.03	12,274,451.03	205,304.44
(5) Labor union expenditures and employee education funds	27,013.04	87,891.28	88,457.95	26,446.37
Total	80,933,318.18	322,397,009.87	338,576,455.62	64,753,872.43

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.26 Employee benefits payable *(Continued)*

4.26.3 Presentation of defined contribution plans

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Basic endowment insurance premiums	3,399,051.09	22,571,585.05	22,478,282.79	3,492,353.35
Unemployment insurance premiums	99,123.63	698,657.74	691,847.65	105,933.72
Total	3,498,174.72	23,270,242.79	23,170,130.44	3,598,287.07

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

4.27 Taxes and surcharges payable

Taxes and surcharges	Balance as at the end of the period	Balance as at the end of the previous year
Value-added tax	2,372,416.11	3,200,635.94
Enterprise income tax	15,134,818.32	23,316,162.83
Individual income tax	2,835,476.55	1,539,654.76
Urban maintenance and construction tax	133,481.19	193,472.11
House property tax	3,085,476.04	6,403,954.93
Education surtax	95,750.53	139,810.92
Land use tax	325,580.94	940,760.98
Stamp duty	101,224.01	69,573.69
Environmental protection tax	1,707.00	3,906.48
Water conservancy fund	744.40	1,071.79
Total	24,086,675.09	35,809,004.43

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.28 Other payables

Item	Balance as at the end of the period	Balance as at the end of the previous year
Interest payable		
Dividends payable	3,116,253.00	3,600,000.00
Other payables	80,519,342.54	88,259,119.30
Total	83,635,595.54	91,859,119.30

4.28.1 Dividend payable

Item	Balance as at the end of the period	Balance as at the end of the previous year
Dividends payable to minority shareholders of subsidiaries	3,116,253.00	3,600,000.00
Total	3,116,253.00	3,600,000.00

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.28 Other payables *(Continued)*

4.28.2 Other payables

Item	Balance as at the end of the period	Balance as at the end of the previous year
Payables for long-term asset purchases	20,526,726.65	30,510,944.19
Equity purchase price payable	1,313,457.77	1,313,457.77
Accrued expenses	4,395,331.10	2,228,893.61
Deposit and security deposit	1,067,318.76	1,571,150.50
Intercompany balances	22,627,318.20	19,906,013.30
Intercompany borrowings	8,469,840.22	9,229,765.68
Payables to related parties	22,119,349.84	23,467,735.12
Others		31,159.13
Total	80,519,342.54	88,259,119.30

4.29 Non-current liabilities due within one year

Item	Balance as at the end of the period	Balance as at the end of the previous year
Long-term borrowings due within one year	203,240,000.00	132,990,000.00
Long-term payables due within one year	11,107,283.00	31,995,109.32
Lease liabilities due within one year	40,528,777.46	36,422,400.23
Total	254,876,060.46	201,407,509.55

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.30 Other current liabilities

Item	Balance as at the end of the period	Balance as at the end of the previous year
Output tax to be carried forward	16,132.08	2,785,649.87
Account payable endorsed without derecognition	1,802,126.86	429,217.10
Total	1,818,258.94	3,214,866.97

4.31 Long-term borrowings

Item	Balance as at the end of the period	Balance as at the end of the previous year
Pledged borrowings	14,500,000.00	59,000,000.00
Mortgaged borrowings	530,441,355.05	556,222,957.47
Guaranteed borrowings	251,090,000.00	264,720,000.00
Less: long-term borrowings due within one year	203,240,000.00	132,990,000.00
Total	592,791,355.05	746,952,957.47

4.32 Lease liabilities

Item	Balance as at the end of the period	Balance as at the end of the previous year
Lease payments	175,114,905.95	184,898,051.41
Including: unrecognised financing expenses	-34,850,419.80	-15,215,483.11
Less: lease liabilities due within one year	40,528,777.46	36,422,400.23
Total	134,586,128.49	148,475,651.18

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.33 Long-term payables

Item	Balance as at the end of the period	Balance as at the end of the previous year
Long-term payables	62,658,100.16	47,419,832.76
Special payables		
Total	62,658,100.16	47,419,832.76

4.33.1 Long-term payables

Item	Balance as at the end of the period	Balance as at the end of the previous year
Account payable for finance lease	73,765,383.16	79,414,942.08
Including: unrealised financing expense	-11,833,240.92	-9,413,872.18
Less: long-term payables maturing within 1 year	11,107,283.00	31,995,109.32
Total	62,658,100.16	47,419,832.76

4.34 Deferred income

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period	Forming reason
Asset-related government grants	18,206,515.00		151,896.00	18,054,619.00	Amortised according to the useful life of the assets
Total	18,206,515.00		151,896.00	18,054,619.00	/

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.35 Share capital

Item	Balance as at the end of the previous year	Changes in the current period ("+" for increase and "-" for decrease)					Balance as at the end of the period
		New shares issued	Bonus shares	Capital reserve to shares	Others	Subtotal	
Total shares	72,358,900.00						72,358,900.00

4.36 Capital reserves

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Capital premium (share premium)	692,141,183.14			692,141,183.14
Other capital reserves				
– Share-based payments	53,358,569.28	1,487,600.60		54,846,169.88
– Other capital reserves	15,145,574.29			15,145,574.29
Total	760,645,326.71	1,487,600.60		762,132,927.31

In accordance with the Company's H Share Award and Trust Scheme, a share-based compensation cost or expenses of RMB1,487,600.60 was recognised for the period and correspondingly recorded in other capital reserves, as detailed in Note 11.

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.37 Treasury stock

Item	Balance as at the end of the previous year	Increase in the current period	Decrease in the current period	Balance as at the end of the period
Shares of the Company acquired for the employee share ownership plans or share incentive	28,666,701.91			28,666,701.91
The Company's shares acquired due to reduction of registered capital	19,148,923.26			19,148,923.26
Total	47,815,625.17			47,815,625.17

4.38 Surplus reserves

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.39 Retained earnings

Item	Amount for the current period	Amount for the previous period
Retained earnings at the end of the previous year before adjustment	**364,230,299.84**	344,285,828.01
Total adjustment to retained earnings at the beginning of the year (“+” for increase and “-” for decrease)		
Retained earnings at the beginning of the year after adjustment	**364,230,299.84**	344,285,828.01
Plus: net profit attributable to owners of the parent company in the current period	**33,773,135.56**	54,395,979.83
Less: withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserves		
Withdrawal of provision for general risk		
Common stock dividends payable	**16,883,200.00**	34,451,508.00
Common stock dividends transferred to share capital		
Retained earnings at the end of the period	**381,120,235.40**	364,230,299.84

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.40 Revenue and cost of sales

4.40.1 Details of revenue and cost of sales

	Amount for the current period		Amount for the previous period	
Item	Income	Cost	Income	Cost
Primary business	709,707,141.17	532,214,182.32	690,902,820.42	523,893,300.01
Other business	119,774,272.93	92,860,195.07	47,658,804.91	25,440,894.13
Total	829,481,414.10	625,074,377.39	738,561,625.33	549,334,194.14

Breakdown of revenue:

Item	Amount for the current period	Amount for the previous period
Income from primary business	709,707,141.17	690,902,820.42
Treatments and healthcare services	709,707,141.17	690,902,820.42
Income from other businesses	119,774,272.93	47,658,804.91
Wholesale and retail income of pharmaceutical and equipment	72,542,654.92	28,287,517.76
Management services		1,485,148.52
Rent income	364,085.42	906,058.96
Others	46,867,532.59	16,980,079.67
Total	829,481,414.10	738,561,625.33

4.40.2 Notes to performance obligations

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.41 Taxes and surcharges

Item	Amount for the current period	Amount for the previous period
House property tax	4,044,129.97	3,786,940.26
Urban maintenance and construction tax	453,852.11	400,163.50
Educational surcharges	328,417.32	291,972.68
Land use tax	1,079,034.49	423,158.41
Stamp duty	235,617.93	203,170.66
Others	11,138.34	11,652.83
Total	6,152,190.16	5,117,058.34

4.42 Selling and distribution expenses

Item	Amount for the current period	Amount for the previous period
Employee benefits	1,702,541.53	1,717,804.62
Depreciation costs	21,628.54	21,434.73
Amortization of intangible assets		71.70
Amortization of long-term prepaid expenses	9,191.07	29,673.69
Business entertainment fees	47,302.87	127,110.28
Office expenses	87,248.50	34,948.45
Transportation and traveling expenses	82,855.20	57,237.67
Outsourcing expenses	58,494.59	27,282.10
Business promotion expenses	1,543,772.77	1,548,324.27
Maintenance and repair expenses	124,588.41	13,220.19
Others	26,499.09	111,172.30
Total	3,704,122.57	3,688,280.00

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.43 General and administrative expenses

Item	Amount for the current period	Amount for the previous period
Employee benefits	69,008,634.48	68,866,158.00
Depreciation costs	10,356,445.04	9,568,562.60
Amortization of intangible assets	1,789,200.55	1,240,295.67
Amortization of long-term prepaid expenses	4,344,233.31	4,578,911.00
Drugs and revolving materials consumed	1,277,649.31	1,015,879.66
House rent	2,843,090.16	2,543,931.61
Equity incentive	801,038.28	2,828,664.55
Office fees	2,043,230.53	2,076,294.46
Transportation and traveling expenses	1,719,011.10	2,038,653.17
Water and electricity charges	687,070.60	468,156.24
Property fee	2,599,524.24	5,767,986.12
Dining hall expenses	13,249.47	491.00
Outsourcing expenses	1,897,472.97	1,842,098.47
Consulting service fees	4,884,530.33	2,109,563.44
Auditors' remuneration	2,966,000.00	2,556,000.00
Maintenance and repair expenses	4,445,881.39	4,727,974.11
Business entertainment fees	1,792,197.76	2,438,681.43
Others	3,940,680.17	7,151,356.84
Total	117,409,139.69	121,819,658.37

4.44 Research and development expenditures

Item	Amount for the current period	Amount for the previous period
Employee benefits	15,089,008.80	15,238,152.21
Depreciation costs	88,989.98	160,973.20
Drugs and revolving materials consumed	181,995.54	
Transportation and traveling expenses	13,491.28	2,257.42
Outsourcing expenses	84,590.00	95,219.00
Testing expenses	35,969.73	
Others	116,733.33	166,320.89
Total	15,610,778.66	15,662,922.72

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.45 Financial expenses

Item	Amount for the current period	Amount for the previous period
Interest expenses	17,354,423.12	18,377,254.10
Including: interest expenses of lease liability	4,258,335.69	4,653,633.38
Less: interest income	1,876,835.76	587,377.24
Gains or losses on exchange	73,292.86	2,486.65
Others	2,578,894.69	4,214,451.98
Total	18,129,774.91	22,006,815.49

4.46 Other income

Item	Amount for the current period	Amount for the previous period
Government grants	6,020,713.48	10,568,938.30
Additional deduction of input tax		792,415.54
Service fee for withholding individual income tax	245,276.05	240,461.59
Others	663,644.85	
Total	6,929,634.38	11,601,815.43

4.47 Investment income

Item	Amount for the current period	Amount for the previous period
Income from long-term equity investments calculated under equity method	3,177,287.11	-1,206,158.07
Investment income from disposal of long-term equity investments	5,864,305.45	5,032,728.01
Investment income from financial products		5,699.09
Investment income from disposal of financial assets held for trading	-1,994,496.75	
Total	7,047,095.81	3,832,269.03

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.48 Profit from changes in fair value

Sources of the gains from changes in fair value	Amount for the current period	Amount for the previous period
Financial assets held for trading	342,935.53	428,261.38
Other non-current financial assets	39,633.60	49,582.16
Total	382,569.13	477,843.54

4.49 Losses from credit impairment

Item	Amount for the current period	Amount for the previous period
Losses from bad debts of accounts receivable	18,546,741.82	161,794.74
Losses from bad debts of other receivables	-638,417.46	-7,778,677.18
Total	17,908,324.36	-7,616,882.44

4.50 Income from asset disposal

Item	Amount for the current period	Amount for the previous period	Amount included in non-recurring profit or loss in the current period
Gain on disposal of non-current assets („-" for losses)	46,657.62	1,250,151.08	46,657.62
Including: Gain on disposal of fixed assets ("-" for losses)	12,785.02	1,250,151.08	12,785.02
Gains from disposal of right-of-use assets (losses represented with "-" signs)	33,872.60		33,872.60
Total	46,657.62	1,250,151.08	46,657.62

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.51 Non-revenue

Item	Amount for the current period	Amount for the previous period	Amount included in non-recurring profit or loss in the current period
Gains from the damage and scrapping of non-current assets	215,040.11	1,710.88	215,040.11
Including: fixed assets	215,040.11	1,710.88	215,040.11
Accepted donations	0.58		0.58
Government grants irrelevant to these routine activities of the Company	245.00	4,289.60	245.00
Others	1,575,121.72	60,456.37	1,575,121.72
Total	1,790,407.41	66,456.85	1,790,407.41

4.52 Non-operating expenses

Item	Amount for the current period	Amount for the previous period	Amount included in non-recurring profit or loss in the current period
Losses from the damage and scrapping of non-current assets	264,215.51	794,076.29	264,215.51
Including: fixed assets	264,215.51	790,326.29	264,215.51
intangible assets		3,750.00	
External donation expenditure	49,193.44	734,227.10	49,193.44
Expenditures for default compensation	1,127,708.31	548,818.70	1,127,708.31
Amercement outlay	15,829,539.54	1,446,966.18	15,829,539.54
Others	703,591.44	274,456.19	703,591.44
Total	17,974,248.24	3,798,544.46	17,974,248.24

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.53 Income tax expenses

4.53.1 Table of income tax expenses

Item	Amount for the current period	Amount for the previous period
Current income tax expenses	9,423,579.22	13,016,683.24
Deferred income tax expenses	-7,895,947.38	2,193,768.79
Total	1,527,631.84	15,210,452.03

4.53.2 Adjustment process of accounting profits and income tax expenses

Item	Amount for the current period
Total profits	23,714,822.47
Income tax expenses calculated at statutory or applicable tax rate	3,557,223.37
Impact of different tax rates applicable to subsidiaries	-445,127.90
Impact of adjustments to the income tax for the prior periods	-1,924,407.16
Impact of non-taxable income	-143,621.66
Effect of non-deductible costs, expenses and losses	2,589,317.55
Impact of unrecognised deferred tax assets in previous periods	-6,974,166.39
Effect of deductible temporary differences or losses from deferred tax assets unrecognised in the current period	8,722,546.29
Impact of additional deduction of R&D expenses	-2,439,915.09
Impact of business combination not under common control	-1,414,217.17
Income tax expenses	1,527,631.84

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.54 Earnings per share

4.54.1 Basic earnings per share

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

Item	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to the common stockholder of the parent company	**33,773,135.56**	36,530,359.57
Weighted average number of the Company's outstanding common stocks	**70,399,100.00**	72,618,150.00
Basic earnings per share	**0.48**	0.50
Including: basic earnings per share from continuing operation	**0.48**	0.50
Basic earnings per share from discontinued operation		

4.54.2 Diluted earnings per share

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

Item	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to the common stockholder of the parent company (diluted)	**33,773,135.56**	36,530,359.57
Weighted average number of the Company's outstanding common stock (diluted)	**70,399,100.00**	72,618,150.00
Diluted earnings per share	**0.48**	0.50
Including: diluted earnings per share from continuing operation	**0.48**	0.50
Diluted earnings per share from discontinued operation		

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

4.55 Supplementary information to the statement of cash flows

4.55.1 Supplementary information to the statements of cash flows

Supplementary information	Amount for the current period	Amount for the previous period
1. Net profit adjusted to cash flows from operating activities		
Net profit	22,187,190.63	26,769,118.15
Add: losses from credit impairment	17,908,324.36	-7,616,882.44
Losses from asset impairment		
Depreciation of fixed assets	33,204,272.29	27,291,312.70
Depletion of oil and gas assets		
Depreciation of right-of-use assets	16,339,755.30	17,436,605.58
Amortization of intangible assets	14,543,432.78	10,883,372.70
Amortization of long-term prepaid expenses	19,734,762.66	19,130,569.27
Losses from disposal of fixed assets, intangible assets and other long-term assets (“-” for gains)	-46,657.62	-1,250,151.08
Losses from write-off of fixed assets (“-” for gains)	49,175.40	792,365.41
Losses from changes in fair value (“-” for gains)	-382,569.13	-477,843.54
Financial expenses (“-” for gains)	17,431,178.54	18,379,740.75
Investment losses (“-” for gains)	-7,047,095.81	-3,832,269.03
Decreases in deferred income tax assets (“-” for increases)	2,748,894.75	3,763,953.21
Increases in deferred income tax liabilities (“-” for decreases)	-10,644,842.13	-3,865,899.31
Decreases in inventories (“-” for increases)	2,268,807.01	991,468.82
Decreases in operating receivables (“-” for increases)	10,118,117.77	254,827,632.87
Increases in operating payables (“-” for decreases)	-28,351,637.78	-167,522,553.50
Others	1,487,600.60	2,821,077.50
Net cash flows from operating activities	111,548,709.62	198,521,618.06

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

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

4.55.1 Supplementary information to the statements of cash flows (Continued)

Supplementary information	Amount for the current period	Amount for the previous period
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt to capital		
Convertible corporate bonds maturing within one year		
Right-of-use assets acquired through bearing lease liabilities		
3. Net change in cash and cash equivalents:		
Ending balance of cash	**310,912,508.17**	333,106,635.79
Less: balance of cash at the beginning of the period	**287,672,625.54**	255,232,744.16
Plus: balance of cash equivalents at the end of the period		
Less: balance of cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	**23,239,882.63**	77,873,891.63

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

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

4.55.2 Breakdowns of cash and cash equivalents

Item	Balance as at the end of the period	Balance as at the end of the previous year
I. Cash	310,912,508.17	333,106,635.79
Including: cash on hand	239,908.03	195,546.26
Unrestricted bank deposits	309,704,141.67	332,122,993.91
Other unrestricted cash and cash equivalents	968,458.47	788,095.62
II. Cash equivalents		
Including: bond investment maturing within three months		
III. Balance of cash and cash equivalents at the end of the period	310,912,508.17	333,106,635.79

4.56 Foreign currency monetary items

4.56.1 Foreign currency monetary items

Item	Balance of foreign currency as at the end of the period	Conversion rate	Balance of foreign currency converted into RMB as at the end of the period
Cash at bank and on hand			279,489.95
Including: USD	40,010.68	6.8109	272,508.74
HKD	8,037.77	0.86855	6,981.21

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

5 Changes in the scope of consolidation

5.1 Changes in scope of consolidation for other reasons

1. On 14 January 2026, the Group established a subsidiary, Wenzhou Deyi Care Co., Ltd. with a registered capital of RMB1 million, of which the capital remains unpaid.

2. On 5 February 2026, the Group established a subsidiary, Wenzhou Deci Ouyue Nursing Station Co., Ltd. with a registered capital of RMB1 million, of which the capital remains unpaid.

3. On 13 March 2026, the Group established a new subsidiary, Wenzhou Deci Education Technology Co., Ltd. with a registered capital of RMB0.5 million, of which the capital remains unpaid.

4. On 21 May 2026, the Group's subsidiary, Yiwu Kangning Hospital Management Co., Ltd. completed the industrial and commercial deregistration..

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities

6.1 Equities in subsidiaries

6.1.1 Structure of the enterprise group

Name of subsidiary	Category of legal person	Registered capital (ten thousand)	Main place of business	Registration place	Nature of business	Shareholding ratio (%)	
						Direct	Indirect
Zhejiang Yining Elderly Health Service Co., Ltd.	Limited liability company	33,000.00	Wenzhou	Wenzhou	Hospital management	100.00	
Cangnan Yining Nursing Center Co., Ltd.	Limited liability company	1,000.00	Cangnan	Cangnan	Medical services		100.00
Wenzhou Ouhai Yining Elderly Hospital Co., Ltd.	Limited liability company	1,000.00	Wenzhou	Wenzhou	Medical services		65.00
Wenzhou Cining Hospital Co., Ltd.	Limited liability company	2,585.98	Wenzhou	Wenzhou	Medical services		100.00
Pingyang Changgeng Yining Hospital Co., Ltd.	Limited liability company	3,057.47	Wenzhou	Wenzhou	Medical services		100.00
Yueqing Yining Integrated Traditional and Western Medicine Hospital Co., Ltd.	Limited liability company	9,800.00	Yueqing	Yueqing	Medical services		100.00
Wenzhou Yining Nursing Home Co., Ltd.	Limited liability company	500.00	Wenzhou	Wenzhou	Medical services		100.00
Hangzhou Yining Hospital Co., Ltd.	Limited liability company	5,000.00	Hangzhou	Hangzhou	Medical services		65.00
Wenzhou Deci Care Service Co., Ltd.	Limited liability company	200.00	Wenzhou	Wenzhou	Elderly care services		100.00
Wenzhou Deci Nursing Station Co., Ltd.	Limited liability company	100.00	Wenzhou	Wenzhou	Elderly care services		100.00

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

6.1.1 Structure of the enterprise group (Continued)

Name of subsidiary	Category of legal person	Registered capital (ten thousand)	Main place of business	Registration place	Nature of business	Shareholding ratio (%)	
						Direct	Indirect
Zhejiang Youning Pharmaceutical Co., Ltd.	Limited liability company	1,000.00	Lishui	Lishui	Pharmaceutical wholesale and retail		100.00
Wenzhou Deci Ouyue Nursing Station Co., Ltd.	Limited liability company	100.00	Wenzhou	Wenzhou	Elderly care services		100.00
Wenzhou Deyi Care Co., Ltd.	Limited liability company	100.00	Wenzhou	Wenzhou	Elderly care services		100.00
Wenzhou Deci Education Technology Co., Ltd.	Limited liability company	50.00	Wenzhou	Wenzhou	Professional training		100.00
Zhejiang Kangning Hospital Management (Group) Co., Ltd.	Limited liability company	20,000.00	Ningbo	Ningbo	Hospital management	100.00	
Pingyang Kangning Hospital Co., Ltd.	Limited liability company	600.00	Pingyang	Pingyang	Medical services		100.00
Wenzhou Yining Geriatric Hospital Co., Ltd.	Limited liability company	6,000.00	Wenzhou	Wenzhou	Medical services		100.00
Quzhou Yining Hospital Co., Ltd.	Limited liability company	3,000.00	Quzhou	Quzhou	Medical services		60.00
Taizhou Luqiao Cining Hospital Co., Ltd.	Limited liability company	1,000.00	Taizhou	Taizhou	Medical services		51.00
Taizhou Kangning Hospital Co., Ltd.	Limited liability company	1,000.00	Taizhou	Taizhou	Medical services		51.00
Hangzhou Cining Hospital Co., Ltd.	Limited liability company	100.00	Hangzhou	Hangzhou	Medical services		100.00
Wenzhou Tianzhentang TCM Clinic Co., Ltd.	Limited liability company	500.00	Wenzhou	Wenzhou	Medical services		100.00

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

6.1.1 Structure of the enterprise group (Continued)

Name of subsidiary	Category of legal person	Registered capital (ten thousand)	Main place of business	Registration place	Nature of business	Shareholding ratio (%) Direct	Shareholding ratio (%) Indirect
Zhejiang Jerinte Health Technology Co., Ltd.	Limited liability company	1,000.00	Hangzhou	Hangzhou	Technical services		100.00
Nanjing Yining Hospital Co., Ltd.	Limited liability company	1,000.00	Nanjing	Nanjing	Medical services		85.65
Heze Yining Psychiatric Hospital Co., Ltd.	Limited liability company	3,000.00	Heze	Heze	Medical services		51.00
Guanxian Yining Hospital Co., Ltd.	Limited liability company	1,000.00	Guanxian	Guanxian	Medical services		90.00
Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd.	Limited liability company	753.00	Taizhou	Taizhou	Medical services		68.80
Beijing Yining Hospital Co., Ltd.	Limited liability company	4,653.67	Beijing	Beijing	Medical services		67.77
Wenzhou Yixin Health Technology Co., Ltd.	Limited liability company	50.00	Wenzhou	Wenzhou	Technical services		100.00
Huainan Kangning Hospital Co., Ltd.	Limited liability company	1,000.00	Huainan	Huainan	Medical services		95.00
Zhejiang Yining Health Technology Co., Ltd.	Limited liability company	2,040.82	Hangzhou	Hangzhou	Technical services		98.00
Wenzhou Yining Pharmacy Co., Ltd.	Limited liability company	50.00	Wenzhou	Wenzhou	Pharmaceutical retail		100.00
Yining Psychological Internet Hospital (Wenzhou) Co., Ltd.	Limited liability company	500.00	Wenzhou	Wenzhou	Hospital management		100.00

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

6.1.1 Structure of the enterprise group (Continued)

Name of subsidiary	Category of legal person	Registered capital (ten thousand)	Main place of business	Registration place	Nature of business	Shareholding ratio (%) Direct	Shareholding ratio (%) Indirect
Zhejiang Dening Pharmaceutical Co., Ltd.	Limited liability company	1,000.00	Wenzhou	Wenzhou	Pharmaceutical wholesale and retail		80.00
Changchun Kanglin Psychological Hospital Co., Ltd.	Limited liability company	1,000.00	Changchun	Changchun	Medical services		64.55
Hangzhou Yining Nursery Service Co., Ltd.	Limited liability company	100.00	Hangzhou	Hangzhou	Nursing services		100.00
Linhai Cining Hospital Co., Ltd.	Limited liability company	5,000.00	Taizhou	Taizhou	Medical services		100.00
Shenzhen Yining Hospital	Limited liability company	6,000.00	Shenzhen	Shenzhen	Medical services		55.00
Pujiang Yining Huangfeng Hospital Co., Ltd.	Limited liability company	1,400.00	Jinhua	Jinhua	Medical services		95.00
Chun'an Kangning Huangfeng Hospital Co., Ltd.	Limited liability company	1,000.00	Hangzhou	Hangzhou	Medical services		80.00
Longquan Kangning Hospital Co., Ltd.	Limited liability company	3,000.00	Lishui	Lishui	Medical services		100.00
Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd.	Limited liability company	2,083.33	Chengdu	Chengdu	Medical services		49.33
Wenzhou Gaopin Fangzhou Hospital Co., Ltd.	Limited liability company	1,000.00	Wenzhou	Wenzhou	Medical services		100.00
Cangnan Kangning Hospital Co., Ltd.	Limited liability company	5,000.00	Cangnan	Cangnan	Medical services	100.00	
Yueqing Kangning Hospital Co., Ltd.	Limited liability company	500.00	Yueqing	Yueqing	Medical services	100.00	
Linhai Kangning Hospital Co., Ltd.	Limited liability company	200.00	Taizhou	Taizhou	Medical services	85.00	
Qingtian Kangning Hospital Co., Ltd.	Limited liability company	436.00	Lishui	Lishui	Medical services	100.00	
Wenzhou Kangning Judicial Forensic Centre	Forensic Identification Agency	50.00	Wenzhou	Wenzhou	Forensic identification	100.00	

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

6.1.1 Structure of the enterprise group (Continued)

Name of subsidiary	Category of legal person	Registered capital (ten thousand)	Main place of business	Registration place	Nature of business	Shareholding ratio (%)	
						Direct	Indirect
Wenzhou Lucheng Yining Hospital Co., Ltd.	Limited liability company	10,000.00	Wenzhou	Wenzhou	Medical services	60.00	
Yongjia Kangning Hospital Co., Ltd.	Limited liability company	2,700.00	Wenzhou	Wenzhou	Medical services	100.00	
Jinyun Shuning Hospital Co., Ltd.	Limited liability company	2,398.26	Jinyun	Jinyun	Medical services	55.00	
Loudi City Kangle Kangning Hospital Co., Ltd.	Limited liability company	2,040.00	Loudi	Loudi	Medical services	51.00	
Dongkou Lening Hospital Co., Ltd.	Limited liability company	1,800.00	Shaoyang	Shaoyang	Medical services	51.00	
Wenzhou Kangning Psychological Consulting Co., Ltd.	Limited liability company	50.00	Wenzhou	Wenzhou	Medical services	100.00	
Jiaxing Jiuli Kangzi Certificate Equity Investment Partnership (Limited Partnership)	Limited Partnership	6,001.00	Jiaxing	Jiaxing	Equity Investment	66.60	33.30
Qingtian Kangning Property Management Co., Ltd.	Limited Liability Company	2,764.00	Lishui	Lishui	Property management	100.00	

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

6.1.1 Structure of the enterprise group (Continued)

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

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

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

The Company has entered into an equity transfer agreement with Hangzhou ePropulsion Co., Ltd. in respect of its 90% equity interest in Guanxian Yining Hospital Co., Ltd. As of 30 June 2026, Hangzhou ePropulsion Co., Ltd. has not paid the equity transfer payment, therefore, according to the equity transfer agreement, the rights and obligations related to the 90% equity of Guanxian Yining Hospital Co., Ltd. still belong to the Company.

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

6.1.2 Significant non-wholly-owned subsidiaries

Name of subsidiaries	Shareholding ratio of minority shareholders (%)	Profit or loss attributable to minority shareholders in current period	Dividends declared to be distributed to minority shareholders in current period	Balance of minority equity as at the end of the period
Wenzhou Lucheng Yining Hospital Co., Ltd.	40.00%	-381,085.32		37,184,554.51
Jinyun Shuning Hospital Co., Ltd.	45.00%	-596,143.69		12,682,248.23
Zhejiang Dening Pharmaceutical Co., Ltd.	20.00%	47,364.17		21,151,410.14
Hangzhou Yining Hospital Co., Ltd.	35.00%	-501,395.59		6,121,811.68

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

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

	Balance as at the end of the period					
Name of subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Wenzhou Lucheng Yining Hospital Co., Ltd.	8,275,928.65	256,048,929.84	264,324,858.49	63,396,592.19	107,966,880.00	171,363,472.19
Jinyun Shuning Hospital Co., Ltd.	14,026,449.93	64,850,234.65	78,876,684.58	12,118,270.67	37,268,812.28	49,387,082.95
Zhejiang Dening Pharmaceutical Co., Ltd.	145,561,539.07	667,118.17	146,228,657.24	69,285,043.34		69,285,043.34
Hangzhou Yining Hospital Co., Ltd.	12,918,639.00	64,377,251.59	77,295,890.59	13,693,726.58	46,111,273.51	59,805,000.09

	Balance as at the end of the previous year					
Name of subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Wenzhou Lucheng Yining Hospital Co., Ltd.	17,496,897.22	252,013,016.41	269,509,913.63	63,628,434.03	111,967,380.00	175,595,814.03
Jinyun Shuning Hospital Co., Ltd.	11,524,763.22	66,782,837.21	78,307,600.43	10,076,431.15	37,468,468.46	47,544,899.61
Zhejiang Dening Pharmaceutical Co., Ltd.	172,867,810.34	853,963.27	173,721,773.61	112,153,608.69		112,153,608.69
Hangzhou Yining Hospital Co., Ltd.	13,183,362.26	72,877,579.64	86,060,941.90	16,371,612.88	50,765,879.69	67,137,492.57

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

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

	Amount for the current period				Amount for the previous period			
Name of subsidiary	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Wenzhou Lucheng Yining Hospital Co., Ltd.	5,016,055.05	-952,713.30	-952,713.30	17,693,020.15	13,761.47	-683,346.83	-683,346.83	14,612,783.16
Jinyun Shuning Hospital Co., Ltd.	12,949,747.38	-1,324,763.75	-1,324,763.75	-292,282.48	9,909,096.61	-4,111,185.55	-4,111,185.55	-3,327,701.92
Zhejiang Dening Pharmaceutical Co., Ltd.	128,466,718.11	15,375,448.98	15,375,448.98	-31,935,631.23	102,090,901.20	28,837,924.34	28,837,924.34	27,158,954.04
Hangzhou Yining Hospital Co., Ltd.	16,101,468.12	-1,432,558.83	-1,432,558.83	608,107.82	2,637,455.19	-75,355.35	-75,355.35	1,151,765.67

6.2 Equity in joint venture arrangements or associates

6.2.1 Significant joint ventures or associates

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

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

6.2.2 Main financial information on major associates

	Balance as at the end of the period/Amount for the current period		Balance as at the end of the previous year/Amount for the previous period	
	Anken Medical	Longwan Yining	Anken Medical	Longwan Yining
Current assets	73,237,217.14	1,235,241.16	85,678,453.82	1,862,472.90
Non-current assets	34,142,438.95	268,304,608.47	48,717,351.43	255,093,748.77
Total assets	107,379,656.09	269,539,849.63	134,395,805.25	256,956,221.67
Current liabilities	103,494,330.10	42,548,204.79	114,712,460.18	41,510,269.10
Non-current liabilities	14,748,126.71	103,231,201.99	10,470,922.46	90,995,141.93
Total liabilities	118,242,456.81	145,779,406.78	125,183,382.64	132,505,411.03
Minority equity	-53,860.73		994,578.73	
Equity attributable to the shareholders of parent company	10,916,661.45	123,760,442.85	8,217,843.88	124,450,810.64
Net asset share calculated according to the shareholding ratio				
Adjustment items	6,784,746.95		6,784,746.95	
– Goodwill	6,784,746.95		6,784,746.95	
– Unrealized profits from internal transaction				
– Others				
Book value of the equity investment in associates	10,148,089.38	55,692,199.28	9,316,664.65	56,002,864.79
Fair value of the equity investment in associates with public quotations				
Revenue				
Net profit	2,698,817.57	-690,367.79	7,944,500.27	-937,586.27
Net profit of discontinued operation				
Other comprehensive income				
Total comprehensive income	2,698,817.57	-690,367.79	7,944,500.27	-937,586.27
Dividends received from associates in the current period				

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

7 Government grants

7.1 Government grants included in the current profit or loss

Type	Amount for the current period	Amount for the previous period
Assets-related government grants	**151,896.00**	151,896.00
Income-related government grants	**5,868,817.48**	10,417,042.30
Total	**6,020,713.48**	10,568,938.30

7.2 Liability items involving government grants

Liability items	Balance as at the end of the previous year	Newly increased subsidy amount in the current period	Amount included in non-operating revenue in the current period	Amount transferred to other income in the current period	Costs and expenses written off in the current period	Other changes	Balance as at the end of the period	Related to assets/related to income
Deferred income	18,206,515.00			151,896.00			18,054,619.00	Related to assets

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

8 Risks related to financial instruments

8.1 Various risks generated by financial instruments

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

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

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

8 Risks related to financial instruments *(Continued)*

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

8.1.1 Credit risks

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

The Company's credit risk arises primarily from cash and bank balances, bills receivable, trade receivables, receivables financing and other receivables, as well as debt instrument investments at fair value through profit or loss and derivative financial assets that are not subject to impairment assessment. As at the balance sheet date, the carrying amounts of the Company's financial assets represent its maximum exposure to credit risk.

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

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

8 Risks related to financial instruments *(Continued)*

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

8.1.2 Liquidity risk

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

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

8 Risks related to financial instruments *(Continued)*

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

8.1.2 Liquidity risk (Continued)

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

	Balance as at the end of the period						
Item	Instant repayment	Within 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted contractual amount	Book value
Bank loans		347,915,386.56	206,799,626.30	261,353,295.70	235,587,941.03	1,051,656,249.59	940,706,741.61
Lease liabilities		40,528,777.46	39,243,645.50	75,099,994.10	55,092,908.69	209,965,325.75	175,114,905.95
Long-term payables		11,107,283.00	18,837,193.31	55,654,147.77		85,598,624.08	73,765,383.16
Accounts payable		117,073,811.68	6,061,477.26	836,438.04		123,971,726.98	123,971,726.98
Other payables		64,876,249.27	169,826.27	18,589,520.00		83,635,595.54	83,635,595.54
Total		581,501,507.97	271,111,768.64	411,533,395.61	290,680,849.72	1,554,827,521.94	1,397,194,353.24

	Balance as at the end of the previous year						
Item	Instant repayment	Within 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted contractual amount	Book value
Bank loans		242,233,676.71	206,799,626.30	261,353,295.70	389,749,543.45	1,100,136,142.16	989,186,634.18
Lease liabilities		36,422,400.23	26,754,091.69	87,529,357.31	48,765,941.63	199,471,790.86	184,898,051.41
Long-term payables		31,995,109.32	29,568,765.29	25,332,759.87		86,896,634.48	79,414,942.08
Accounts payable		156,277,714.53	2,848,066.71	1,229,010.41		160,354,791.65	160,354,791.65
Other payables		3,927,949.30	49,230,863.16	38,700,306.84		91,859,119.30	91,859,119.30
Total		470,856,850.09	315,201,413.15	414,144,730.13	438,515,485.08	1,638,718,478.45	1,505,713,538.62

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

8 Risks related to financial instruments *(Continued)*

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

8.1.3 Market risk

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

(1) Interest rate risk

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

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

(2) Exchange rate risk

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

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

8 Risks related to financial instruments *(Continued)*

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

8.1.3 Market risk (Continued)

(2) Exchange rate risk (Continued)

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

	Balance as at the end of the period			Balance as at the end of the previous year		
Item	USD	Other foreign currency	Total	USD	Other foreign currency	Total
Monetary funds	272,508.74	6,981.21	279,489.95	276,692.10	49,750.10	326,442.20
Total assets	272,508.74	6,981.21	279,489.95	276,692.10	49,750.10	326,442.20

On 30 June 2026, when all other variables remain unchanged, the net profits of the Company would increase or decrease by RMB8,384.70 (on 31 December 2025: 9,793.27) supposing that RMB to USD appreciates or depreciates by 3%.

(3) Other price risk

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

9 Disclosure of fair value

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

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

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

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

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

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

	Fair value as at the end of the period			
Item	Measured at fair value at Level 1	Measured at fair value at Level 2	Measured at fair value at Level 3	Total
I. Continuous measurement of fair value				
◆ Financial assets held for trading			8,916,323.73	8,916,323.73
1. Financial assets measured at fair value through the current profit or loss			8,916,323.73	8,916,323.73
(1) Investment in equity instruments			8,916,323.73	8,916,323.73
◆ Other non-current financial assets			23,922,657.55	23,922,657.55
1. Financial assets measured at fair value through the current profit or loss			23,922,657.55	23,922,657.55
(1) Investment in equity instruments			23,922,657.55	23,922,657.55
Total assets with continuous measurement at fair value			32,838,981.28	32,838,981.28

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

9 Disclosure of fair value *(Continued)*

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

Item	Fair value as at the end of the period	Valuation techniques	Unobservable inputs	Range (Weighted average)
Financial assets held for trading	8,916,323.73	Discounted cash flow method	Weighted average cost of capital	8%
Other non-current financial assets	23,922,657.55	Market method	Price-to-earnings ratio	69.91
			Price-to-book ratio	1.97-4.31
			Liquidity discount	23.91%-24.71%
		Discounted cash flow method	Weighted average cost of capital	9%

10 Related parties and related transactions

10.1 Information on the parent company of the Company

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

10.2 Subsidiaries of the Company

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

10 Related parties and related transactions *(Continued)*

10.3 Joint ventures and associates of the Company

Please refer to "Note 6 Equities in other entities" for details of significant joint ventures and associates of the Company.

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

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

10 Related parties and related transactions *(Continued)*

10.4 Other related parties

Name of other related parties	Relationship between other related parties and the Company
Yiwu Mental Health Center	Non-profit institution invested by the Company and with members of the board dispatched by the Company during the past 12 months
Luonan Shanda Rehabilitation Hospital Co., Ltd.	Subsidiary of the Company's associate
Zhejiang Tianqu Environmental Construction Co., Ltd.	Minority shareholder of the Company's subsidiary
Zhejiang Yangge Property Management Co., Ltd.	Minority shareholder of the Company's subsidiary
Wenzhou Donghu Property Management Co., Ltd.	Minority shareholder of the Company's subsidiary
Cai Wenqin	Minority shareholder of the Company's subsidiary
Chen Guanghong	Minority shareholder of the Company's subsidiary
Jiang Danping	Minority shareholder of the Company's subsidiary
Wu Lianxi	Minority shareholder of the Company's subsidiary
Wu Zihuang	Minority shareholder of the Company's subsidiary
Xu Xiuhu	Minority shareholder of the Company's subsidiary
Wang Changsheng	Minority shareholder of the Company's subsidiary
Qu Kaisheng	Minority shareholder of the Company's subsidiary
Ye Liangfu	Relative of the ultimate controller of the Company
Wang Hongyue	One of the major shareholders of the Company and a direct relative of the ultimate controller of the Company
Xu Yi	Spouse of one of the major shareholders of the Company and a direct relative of the ultimate controller of the Company

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

10 Related parties and related transactions *(Continued)*

10.5 Information on related party transactions

10.5.1 Related party transaction of purchase and sale of goods, rendering and receipt of services

Purchase of goods/receipt of services

Related party	Content of related party transaction	Amount for the current period	Amount for the previous period
Zhejiang Fengsheng Nutrition Technology Co., Ltd.	Purchase of drugs	414,044.00	311,783.03
Ye Liangfu	Canteen expenditure	241,695.73	88,374.93

Sales of goods/rendering of services

Related party	Content of related party transaction	Amount for the current period	Amount for the previous period
Yiwu Mental Health Center	Medical management services		2,227,722.78
	Sales of drugs		487,044.25

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

10 Related parties and related transactions *(Continued)*

10.5 Information on related party transactions *(Continued)*

10.5.2 Related-party guarantee

The Company as the guarantor:

The guaranteed	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed
Quzhou Yining Hospital Co., Ltd.	60,000,000.00	2023/10/9	2034/10/9	No
Yongjia Kangning Hospital Co., Ltd.	60,000,000.00	2019/8/20	2031/8/21	No
Linhai Cining Hospital Co., Ltd.	68,440,000.00	2023/4/3	2032/3/2	No
Hangzhou Ancare Medical Technology Co., Ltd.	32,400,000.00	2024/7/1	2027/6/30	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	8,400,000.00	2024/3/31	2027/3/31	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	103,000,000.00	2023/10/12	2034/10/9	No
Yongjia Kangning Hospital Co., Ltd.	12,000,000.00	2024/7/18	2029/6/18	No
Yueqing Yining integrated Traditional and Western Medicine Hospital Co., Ltd.	8,000,000.00	2024/7/18	2029/6/18	No
Qingtian Kangning Hospital Co., Ltd.	5,300,780.00	2024/1/1	2028/12/31	No
Wenzhou Yining Geriatric Hospital Co., Ltd.	4,337,088.00	2024/1/25	2028/12/25	No
Pingyang Changgeng Yining Hospital Co., Ltd.	26,000,000.00	2023/12/20	2031/12/20	No

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

10 Related parties and related transactions *(Continued)*

10.5 Information on related party transactions *(Continued)*

10.5.2 Related-party guarantee (Continued)

The Company as the guaranteed:

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been fulfilled
Yueqing Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Yongjia Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Cangnan Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Wenzhou Yining Geriatric Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Pingyang Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Wenzhou Lucheng Yining Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Wenzhou Cining Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	No
Cangnan Kangning Hospital Co., Ltd.	66,474,000.00	2021/12/24	2026/12/10	No
Guan Weili, Wang Lianyue	24,000,000.00	2020/6/30	2027/6/30	No
Guan Weili, Wang Hongyue, Wang Lianyue	79,642,127.25	2021/11/29	2028/11/29	No
Guan Weili, Wang Hongyue, Wang Lianyue, Xu Yi	180,950,000.00	2020/10/26	2026/10/25	No
Guan Weili	70,000,000.00	2023/11/8	2026/11/15	No
Guan Weili, Wang Lianyue, Wang Hongyue	14,660,000.00	2019/9/10	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	10,280,000.00	2020/1/1	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	3,320,000.00	2020/12/22	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	2,200,000.00	2020/9/27	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	2,200,000.00	2020/9/27	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	3,050,000.00	2021/3/1	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	3,050,000.00	2021/3/1	2029/8/20	No
Guan Weili, Wang Lianyue, Wang Hongyue	45,000,000.00	2023/7/3	2037/12/31	No
Guan Weili, Wang Lianyue, Wang Hongyue	15,000,000.00	2023/7/31	2037/12/31	No
Guan Weili, Wang Lianyue, Wang Hongyue	10,116,550.00	2023/10/25	2037/12/31	No
Guan Weili, Wang Lianyue, Wang Hongyue	5,007,200.00	2023/11/24	2037/12/31	No
Guan Weili, Zhejiang Tianqu Environmental Construction Co., Ltd., Zhejiang Yangge Property Management Co., Ltd.	60,000,000.00	2023/10/9	2031/10/9	No
Wang Lianyue	18,312,000.00	2023/12/20	2028/12/25	No
Guan Weili, Wang Lianyue	25,000,000.00	2024/12/10	2027/12/10	No
Guan Weili, Wang Lianyue	120,000,000.00	2024/3/27	2027/3/26	No

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

10 Related parties and related transactions *(Continued)*

10.5 Information on related party transactions *(Continued)*

10.5.3 Loans from and to related parties

Related parties	Lending/ borrowing amount	Commencement date	Expiry date	Remark
Loans from related parties				
Zhejiang Yangge Property Management Co., Ltd.	2,508,250.00	2022/6/13	–	Not returned yet
Loan to related parties				
Wenzhou Longwan Yining Hospital Co., Ltd.	14,050,000.00	2023/1/10	–	
Sichuan Hongji Pharmaceutical Co., Ltd.	10,204,311.69	2015/6/1	–	
Wang Changsheng	3,490,447.08	2015/9/1	–	

10.5.4 Remuneration of key management personnel

Item	Amount for the current period	Amount for the previous period
Salaries, bonuses, etc.	3,859,928.05	3,911,019.68
Share-based payments	729,310.76	1,173,758.49

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

10 Related parties and related transactions *(Continued)*

10.6 Unsettled items of receivables from and payables to related parties

10.6.1 Receivables

		Book balance as at the end of the period		Book balance as at the end of the previous year	
Item	Related parties	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Yiwu Mental Health Center			14,059,620.00	9,801,795.00
Other receivables					
	Wenzhou Longwan Yining Hospital Co., Ltd.	14,050,000.00	702,500.00	15,672,219.18	783,610.96
	Sichuan Hongji Pharmaceutical Co., Ltd.	10,204,311.69	10,204,311.69	10,204,311.69	10,204,311.69
	Chongqing Hechuan Kangning Hospital Co., Ltd.			400,000.00	20,000.00
	Yiwu Mental Health Center			2,475,380.00	123,781.48
	Wang Changsheng	3,490,447.08	3,490,447.08	3,490,447.08	3,490,447.08
	Chen Guanghong	100,000.00	1,000.00	100,000.00	1,000.00
	Xu Xiuhu	80,004.00	800.04	80,004.00	800.04
	Cai Wenqin	102,687.50	5,134.38	70,187.50	3,509.38
	Jiang Danping	511,167.50	25,558.38	429,227.50	21,461.38
	Ye Liangfu	60,000.00	3,000.00	30,000.00	900.00
	Qu Kaisheng			20,917.10	1,045.86

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

10 Related parties and related transactions *(Continued)*

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

10.6.2 Payables

Item	Related parties	Book balance as at the end of the period	Book balance as at the end of the previous year
Accounts payable			
	Zhejiang Fengsheng Nutrition Technology Co., Ltd.	81,526.00	21,376.00
	Ye Liangfu	83,361.08	34,697.95
Other payables			
	Wenzhou Donghu Property Management Co., Ltd.	20,000,000.00	18,000,000.00
	Luonan Shanda Rehabilitation Hospital Co., Ltd.		1,095,000.00
	Zhejiang Yangge Property Management Co., Ltd.	2,508,250.00	2,508,250.00
	Xu Xiuhu	900,000.00	
	Wu Lianxi	2,726,130.87	2,726,130.87
	Wu Zihuang	900,000.00	900,000.00

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

10 Related parties and related transactions *(Continued)*

10.7 Top five highest remunerated individuals

For January to June 2026, the top five highest remunerated individuals of the Company include 2 Directors (January to June 2025: 3 Directors), the remunerations of the remaining 3 individuals with highest remunerations are reflected in below table:

Item	Amount for the current period	Amount for the previous period
Basic salaries, bonuses, housing allowances and other subsidies	**1,142,065.87**	905,073.38
Share-based payments	**164,835.38**	107,525.76
Total	**1,306,901.25**	1,012,599.14

Remuneration range	Persons in the current period	Persons in the previous period
0-500,000.00	**3**	1
500,000.00-1,000,000.00		1
Total	**3**	2

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

11 Share-based payments

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

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

On April 23, 2024, the Board of Directors resolved to grant a total of 555,000 award shares to the second batch of 32 selected participants at an grant price of RMB7/share, with the closing price of H Shares on the grant date being HKD10.80.

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

11 Share-based payments *(Continued)*

According to the H Share Award and Trust Scheme, the vesting time and ratio for the awarded H Shares are as follows:

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

11.1 Equity-settled share-based payment

Determination method of the fair value of equity instruments on the date of grant	Market method
Important parameters of the fair value of equity instruments on the date of grant	Closing price on the date of grant
Basis for determining the number of exercisable equity instruments	
Reason for significant differences between the current estimates and the previous estimates	
Accumulated amount of equity-settled share-based payments included in capital surplus	54,846,169.88

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

11 Share-based payments *(Continued)*

11.2 Share-based payment fee

	Amount for the current period			Amount for the previous period		
Granting object	Equity-settled share-based payments	Cash-settled share-based payments	Total	Equity-settled share-based payments	Cash-settled share-based payments	Total
H Share Award and Trust Scheme	1,487,600.60		1,487,600.60	2,831,843.05		2,831,843.05
Total	1,487,600.60		1,487,600.60	2,831,843.05		2,831,843.05

12 Commitments and contingencies

12.1 Significant commitments

12.1.1 Capital expenditure commitments

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

Item	June 30, 2026	December 31, 2025
Houses, buildings, and machinery equipment	37,807,218.01	25,533,926.00
Total	37,807,218.01	25,533,926.00

12.2 Contingencies

The Company has no significant contingencies required to be disclosed.

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

13 Post balance sheet events

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

14 Capital management

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

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

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

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

The Company monitors capital based on the adjusted debt to capital ratio.

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

	Balance as at the end of the period	Balance as at the end of the previous year
Debt to capital ratio	54.85%	56.65%

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

15 Other significant events

15.1 Segment information

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

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

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

16.1 Accounts receivable

16.1.1 Disclosure of accounts receivable by aging

Aging	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year (including 1 year)	39,995,300.56	42,090,776.46
1 to 2 years	4,202,467.36	4,493,170.46
2 to 3 years	4,368,885.88	2,644,852.66
Subtotal	48,566,653.80	49,228,799.58
Less: provision for bad debts	12,787,660.36	12,544,534.74
Total	35,778,993.44	36,684,264.84

The Company's accounts receivable are analyzed by aging based on the month when the payment actually occurs, and the payment that occurs first is settled in priority when the funds are recovered.

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

16.1 Accounts receivable *(Continued)*

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

	Balance as at the end of the period					Balance as at the end of the previous year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
Type	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts made on an individual basis	9,311,538.89	19.17	9,311,538.89	100.00		11,916,666.11	24.21	11,916,666.11	100.00	
Including:										
Medical fees due from patients	9,311,538.89	19.17	9,311,538.89	100.00		11,916,666.11	24.21	11,916,666.11	100.00	
Provision for bad debts based on credit risk characteristics	39,255,114.91	80.83	3,476,121.47	8.86	35,778,993.44	37,312,133.47	75.79	627,868.63	1.68	36,684,264.84
Including:										
Portfolio of overdue days	39,255,114.91	80.83	3,476,121.47	8.86	35,778,993.44	37,312,133.47	75.79	627,868.63	1.68	36,684,264.84
Total	48,566,653.80	100.00	12,787,660.36	/	35,778,993.44	49,228,799.58	100.00	12,544,534.74	/	36,684,264.84

Significant accounts receivable with individual provision for bad debts:

	Balance as at the end of the period				Balance as at the end of the previous year	
Name	Book balance	Provision for bad debts	Proportion of provision (%)	Basis of provision	Book balance	Provision for bad debts
Medical fees due from patients	9,311,538.89	9,311,538.89	100.00	Provision for bad debts for lifetime expected credit losses	11,916,666.11	11,916,666.11
Total	9,311,538.89	9,311,538.89	/	/	11,916,666.11	11,916,666.11

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

16.1 Accounts receivable *(Continued)*

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

Provision for bad debts based on credit risk characteristics:

Item accrued on a portfolio basis:

	Balance as at the end of the period		
Name	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Portfolio of overdue days	39,255,114.91	3,476,121.47	8.86
Total	39,255,114.91	3,476,121.47	/

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

Type	Balance as at the end of the previous year	Changes in the current period: Provision	Recovery or reversal	Write-off or charge-off	Other changes	Balance as at the end of the period
Provision for bad debts made on an individual basis	11,916,666.11		2,605,127.22			9,311,538.89
Provision for bad debts based on credit risk characteristics	627,868.63	2,848,252.84		4,249,377.44		3,476,121.47
Total	12,544,534.74	2,848,252.84	2,605,127.22	4,249,377.44		12,787,660.36

16.1.4 Accounts receivable actually written off in the current period

Item	Amount written off
Accounts receivable actually written off	4,249,377.44

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

16.2 Other receivables

Item	Balance as at the end of the period	Balance as at the end of the previous year
Interest receivable		787,500.00
Dividends receivable	60,900,000.00	68,400,000.00
Other receivables	417,350,413.79	481,675,800.90
Total	478,250,413.79	550,863,300.90

16.2.1 Interest receivable

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

16.2 Other receivables *(Continued)*

16.2.2 Dividends receivable

Item (or Investee)	Balance as at the end of the period	Balance as at the end of the previous year
Cangnan Kangning Hospital Co., Ltd.	**12,400,000.00**	12,400,000.00
Yueqing Kangning Hospital Co., Ltd.	**5,500,000.00**	7,000,000.00
Qingtian Kangning Hospital Co., Ltd.	**5,300,000.00**	5,300,000.00
Yongjia Kangning Hospital Co., Ltd.	**10,000,000.00**	16,000,000.00
Qingtian Kangning Property Management Co., Ltd.	**10,700,000.00**	10,700,000.00
Linhai Kangning Hospital Co., Ltd.	**17,000,000.00**	17,000,000.00
Subtotal	**60,900,000.00**	68,400,000.00
Less: provision for bad debts		
Total	**60,900,000.00**	68,400,000.00

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

16.2 Other receivables *(Continued)*

16.2.3 Other receivables

(1) Disclosure by aging

Aging	Balance as at the end of the period	Balance as at the end of the previous year
Within 1 year (including 1 year)	150,858,666.43	129,893,005.85
1 to 2 years	129,891,946.17	189,701,628.70
2 to 3 years	82,390,076.46	109,787,806.90
3 to 4 years	48,104,769.57	52,311,522.50
4 to 5 years	6,674,442.01	496,167.22
More than 5 years	700,979.96	702,979.96
Subtotal	418,620,880.60	482,893,111.13
Less: provision for bad debts	1,270,466.81	1,217,310.23
Total	417,350,413.79	481,675,800.90

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

16.2 Other receivables *(Continued)*

16.2.3 Other receivables (Continued)

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

	Balance as at the end of the period					Balance as at the end of the previous year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
Category	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts based on credit risk characteristics	418,620,880.60	100.00	1,270,466.81	0.30	417,350,413.79	482,893,111.13	100.00	1,217,310.23	0.25	481,675,800.90
Including:										
Portfolio by nature and characteristics of payment	55,977,098.98	13.37	1,270,466.81	2.27	54,706,632.17	54,961,446.39	11.38	1,217,310.23	2.21	53,744,136.16
Related parties within the scope of consolidation	362,643,781.62	86.63			362,643,781.62	427,931,664.74	88.62			427,931,664.74
Total	418,620,880.60	100.00	1,270,466.81	/	417,350,413.79	482,893,111.13	100.00	1,217,310.23	/	481,675,800.90

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

16.2 Other receivables *(Continued)*

16.2.3 Other receivables (Continued)

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

Provision for bad debts based on credit risk characteristics:

Item accrued on a portfolio basis:

	Balance as at the end of the period		
Name	Other receivables	Provision for bad debts	Proportion of provision (%)
Portfolio by nature and characteristics of payment	55,977,098.98	1,270,466.81	2.27
Related parties within the scope of consolidation	362,643,781.62		
Total	418,620,880.60	1,270,466.81	/

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

16.2 Other receivables *(Continued)*

16.2.3 Other receivables (Continued)

(3) *Information of provision for bad debts*

Provision for bad debts	Stage I Expected credit losses for the next 12 months	Stage II Lifetime expected credit loss (without credit impairment)	Stage III Lifetime expected credit loss (with credit impairment)	Total
Balance as at the end of the previous period	1,217,310.23			1,217,310.23
In current period, balance as at the end of the previous year				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Provision in the current period	53,156.58			53,156.58
Reversal in the current period				
Written back in the current period				
Written off in the current period				
Other changes				
Balance as at the end of the period	**1,270,466.81**			1,270,466.81

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

Category	Balance as at the end of the previous year	Changes in the current period Provision	Recovery or reversal	Write-off or charge-off	Other changes	Balance as at the end of the period
Portfolio by nature and characteristics of payment	1,217,310.23	53,156.58				1,270,466.81
Total	1,217,310.23	53,156.58				1,270,466.81

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

16.2 Other receivables *(Continued)*

16.2.3 Other receivables (Continued)

(5) Classification of other receivables by nature

Nature of payment	Book balance as at the end of the period	Book balance as at the end of the previous year
Related party funds within the scope of consolidation	362,643,781.62	427,931,664.74
Employee borrowings	34,457,000.00	34,457,000.00
Current accounts	1,645,622.53	2,216,316.97
Deposits and guarantees	1,927,010.00	1,937,991.24
Others	1,143,576.04	677,919.00
Related party funds outside the scope of consolidation	16,803,890.41	15,672,219.18
Total	418,620,880.60	482,893,111.13

16.3 Long-term equity investments

	Balance as at the end of the period			Balance as at the end of the previous year		
Item	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	793,781,814.69		793,781,814.69	793,352,571.90		793,352,571.90
Investment in associates and joint ventures	65,840,288.66		65,840,288.66	65,319,529.44		65,319,529.44
Total	859,622,103.35		859,622,103.35	858,672,101.34		858,672,101.34

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

16.3 Long-term equity investments *(Continued)*

16.3.1 Investment in subsidiaries

Investee	Balance (book value) as at the end of the previous year	Balance of provision for impairment as at the end of the previous year	Increase/decrease in current period				Balance (book value) as at the end of the period	Balance of provision for impairment as at the end of the period
			Additional investment	Reduced investment	Provision for impairment in current period	Others		
Loudi Kangle Kangning Hospital Co., Ltd.	13,715,000.00			255,000.00			13,460,000.00	
Wenzhou Kangning Judicial Forensic Centre	500,000.00						500,000.00	
Zhejiang Kangning Hospital Management Co., Ltd.	204,916,953.81		101,327.06				205,018,280.87	
Cangnan Kangning Hospital Co., Ltd.	52,790,529.72		10,310.22				52,800,839.94	
Yueqing Kangning Hospital Co., Ltd.	2,197,499.15		13,256.04				2,210,755.19	
Yongjia Kangning Hospital Co., Ltd.	27,787,023.18		20,620.44				27,807,643.62	
Qingtian Kangning Hospital Co., Ltd.	5,216,644.25						5,216,644.25	
Linhai Kangning Hospital Co., Ltd.	4,833,589.49		5,639.08				4,839,228.57	
Wenzhou Lucheng Yining Hospital Co., Ltd.	60,000,000.00						60,000,000.00	
Jinyun Shuning Hospital Co., Ltd.	29,051,800.00		51,664.56				29,103,464.56	
Dongkou Lening Hospital Co., Ltd.	14,510,000.00						14,510,000.00	
Wenzhou Kangning Psychological Consulting Co., Ltd.	500,000.00						500,000.00	
Jiaxing Jiulikang Zizheng Equity Investment Partnership (Limited Partnership)	19,000,000.00						19,000,000.00	
Zhejiang Yining Elderly Health Service Co., Ltd.	330,693,532.30		481,425.39				331,174,957.69	
Qingtian Kangning Property Management Co., Ltd.	27,640,000.00						27,640,000.00	
Total	793,352,571.90		684,242.79	255,000.00			793,781,814.69	

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

16.3 Long-term equity investments *(Continued)*

16.3.2 Investments in associates and joint ventures

Investee	Balance (book value) as at the end of the previous year	Balance of provision for impairment as at the end of the previous year	Increase/decrease in current period: Additional investment	Reduced investment	Profit or loss on investments recognised under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others	Balance (book value) as at the end of the period	Balance of provision for impairment as at the end of the period
Hangzhou Ancare Medical Technology Co., Ltd.	9,316,664.65				831,424.73						10,148,089.38	
Wenzhou Longwan Yining Hospital Co., Ltd.	56,002,864.79				-310,665.51						55,692,199.28	
Total	65,319,529.44				520,759.22						65,840,288.66	

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

16.4 Operating revenue and cost of sales

16.4.1 Operating of revenue and cost of sales

	Amount for the current period		Amount for the previous period	
Item	Revenue	Cost	Revenue	Cost
Main business	177,497,043.53	126,131,926.45	180,177,905.15	128,368,724.76
Other business	11,242,167.97	746,140.94	11,453,540.65	1,950.00
Total	188,739,211.50	126,878,067.39	191,631,445.80	128,370,674.76

Breakdown of operating revenue:

Item	Amount for the current period	Amount for the previous period
Revenue from main business	177,497,043.53	180,177,905.15
Diagnosis and medical services	177,497,043.53	180,177,905.15
Revenue from other businesses	11,242,167.97	11,453,540.65
Management services	8,212,124.44	8,183,172.17
Rental revenue	200,096.18	731,085.71
Others	2,829,947.35	2,539,282.77
Total	188,739,211.50	191,631,445.80

Notes to the Financial Statements

For the Six Months Ended 30 June 2026

(Amounts are expressed in RMB unless otherwise stated)

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

16.4 Operating revenue and cost of sales *(Continued)*

16.4.2 Description of performance obligations

Item	Time for fulfillment of performance obligations	Significant payment terms	Nature of goods promised to be transferred by the Company	Whether to be the principal responsible person	Amounts expected to be returned to customers that the Company has assumed	Types of quality assurance provided by the Company and related obligations
Diagnosis and medical services	Time point of service provision	Bill settlement	Diagnosis, medical services	Yes	None	None

16.5 Investment income

Item	Amount for the current period	Amount for the previous period
Long-term equity investment income calculated under the cost method	5,000,000.00	
Long-term equity investment income calculated under the equity method	520,759.22	1,526,125.08
Total	5,520,759.22	1,526,125.08

Definitions

"Audit Committee"	the audit committee of the Board
"Beijing Yining Hospital"	Beijing Yining Hospital Co., Ltd. (北京怡寧醫院有限公司), a company established in the PRC with limited liability on August 17, 2015, one of the Company's indirect non-wholly owned subsidiaries
"Board of Directors" or "Board"	the board of directors of the Company
"Company Law"	the Company Law of the People's Republic of China
"Company" or "Wenzhou Kangning Hospital"	Wenzhou Kangning Hospital Co., Ltd., a joint stock limited liability company established under the laws of the PRC, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2120)
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange
"EGM"	the extraordinary general meeting of the Company to be convened and held in due time
"Geriatric Hospital"	Wenzhou Yining Geriatric Hospital Co., Ltd. (溫州怡寧老年醫院有限公司), a company established in the PRC with limited liability on November 2, 2015, one of the Company's indirect wholly-owned subsidiaries, is principally engaged in providing medical services for the geriatric, including geriatric psychiatric and psychological treatment
"Group" or "we" or "our"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Hong Kong Stock Exchange
"HKD"	the lawful currency of Hong Kong

Definitions

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huainan Kangning Hospital"	Huainan Kangning Hospital Co., Ltd. (淮南康寧醫院有限公司), a company established in the PRC with limited liability on September 22, 2017, one of the Company's indirect non-wholly owned subsidiaries
"Incentive Share(s)"	Non-tradable and non-listed Domestic Shares granted under the Equity Incentive Scheme for subscription by the Participants through the employees' shareholding platform. According to the provisions under the Equity Incentive Scheme regarding Incentive Shares held by the Participants through the employees' shareholding platform, those Incentive Shares shall include the additional Shares in the event of conversion of capital reserve into share capital, bonus issues, share sub-division, etc. by the Company, whether or not the Incentive Shares are already unlocked
"Jinyun Shuning Hospital"	Jinyun Shuning Hospital Co., Ltd. (縉雲舒寧醫院有限公司), a company established in the PRC with limited liability on February 15, 2019, one of the Company's non-wholly owned subsidiaries
"Longquan Kangning Hospital"	Longquan Kangning Hospital Co., Ltd. (龍泉康寧醫院有限公司), a company established in the PRC with limited liability on February 6, 2023, one of the Company's indirect wholly owned subsidiaries
"Lucheng Yining Hospital"	Wenzhou Lucheng Yining Hospital Co., Ltd. (溫州鹿城怡寧醫院有限公司), a company established in the PRC with limited liability on April 2, 2020, one of the Company's direct non-wholly owned subsidiaries
"Luqiao Cining Hospital"	Taizhou Luqiao Cining Hospital Co., Ltd. (台州市路橋慈寧醫院有限公司, previously known as Taizhou Luqiao Yining Hospital Co., Ltd.(台州市路橋怡寧醫院有限公司)), a company established in the PRC with limited liability on December 12, 2016, one of the Company's indirect non-wholly owned subsidiaries
"Macau"	the Macau Special Administrative Region of the PRC

Definitions

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
"Nomination Committee"	the nomination committee of the Board
"Participant(s)"	Directors, Supervisors, senior management of the Group (including the general manager), core technical (business) personnel, and other persons who, in the opinion of the Board shall be awarded in accordance with the provisions of the Equity Incentive Scheme and be granted with the Incentive Shares
"Pingyang Changgeng Yining Hospital"	Pingyang Changgeng Yining Hospital Co., Ltd. (平陽長庚怡寧醫院有限公司), a company established in the PRC with limited liability on January 14, 2021, one of the Company's wholly owned subsidiaries
"PRC" or "China"	the People's Republic of China which, for the purpose of this interim report, excludes Hong Kong, Macau and Taiwan
"Proposed Interim Dividend"	the proposed interim dividend distribution plan of RMB1.80 (tax-inclusive) per 10 Shares for the six months ended June 30, 2026 subject to the approval by the Shareholders at the extraordinary general meeting as described under the section headed "INTERIM DIVIDEND" of this interim report
"Quzhou Yining Hospital"	Quzhou Yining Hospital Co., Ltd. (衢州怡寧醫院有限公司), a company established in the PRC with limited liability on November 20, 2015, one of the Company's indirect non-wholly owned subsidiaries
"Reporting Period"	the six months ended June 30, 2026
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including the Domestic Share(s) and the H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)

Definitions

"Shenzhen Yining Hospital"	Shenzhen Yining Hospital (深圳怡寧醫院, previously known as Shenzhen Yining Hospital Co., Ltd. (深圳市怡寧醫院有限公司)), a company established in the PRC with limited liability on September 22, 2014, one of the Company's indirect non-wholly owned subsidiaries
"Strategy and Risk Management Committee"	the strategy and risk management committee of the Board
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"substantial Shareholder(s)"	has the meaning ascribed thereto in the Hong Kong Listing Rules
"Supervisor(s)"	the members of the Supervisory Committee
"Supervisory Committee"	the Company's supervisory committee established pursuant to the PRC Company Law
"treasury shares"	has the meaning ascribed thereto in the Hong Kong Listing Rules
"Wenling Nanfang Hospital"	Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd. (溫嶺南方精神疾病專科醫院有限公司), a company established in the PRC with limited liability on June 20, 2018, one of the Company's indirect non-wholly owned subsidiaries
"Yining Psychology Internet Hospital"	Yining Psychology Internet Hospital (Wenzhou) Co., Ltd. (怡寧心理互聯網醫院(溫州)有限公司), a company established in the PRC with limited liability on March 10, 2020, one of the Company's indirect wholly owned subsidiaries
"Yongjia Kangning Hospital"	Yongjia Kangning Hospital Co., Ltd. (永嘉康寧醫院有限公司), a company established in the PRC with limited liability on December 12, 2012, one of the Company's wholly owned subsidiaries
"Yueqing Kangning Hospital"	Yueqing Kangning Hospital Co., Ltd. (樂清康寧醫院有限公司), a company established in the PRC with limited liability on September 3, 2013, one of the Company's wholly owned subsidiaries
"%"	percentage ratio

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