

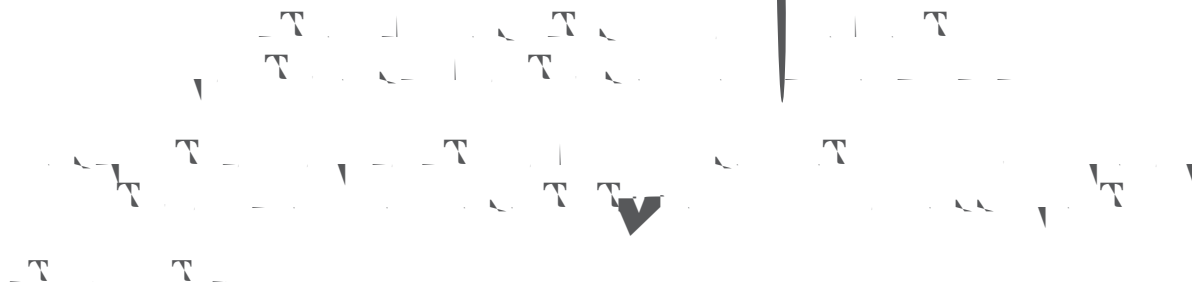
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溫州康寧醫院股份

SP

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

Stock code: 2120



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

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

	2025 RMB'000 (Unaudited)
Revenue	738,562
Profit before income tax	41,980
Income tax expenses	15,210
Net profit	26,769
Net profit attributable to shareholders of the Company	36,530
Non-controlling interests	-9,761

	As at December 31, 2025 RMB'000 (Audited)
Total assets	3,025,567
Total liabilities	1,713,937
Total equity	1,311,630
Equity attributable to shareholders of the Company	1,187,819
Non-controlling interests	123,811

	2025 RMB'000 (Unaudited)
Net cash used in operating activities	198,522
Net cash used in investing activities	-126,962
Net cash generated from financing activities	6,317
Net increase in cash and cash equivalents	77,874

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

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

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 December 31, 2025	
	Number of institutions	Number of operating beds
Wenzhou region	6	2,630
Hangzhou region	1	170
Total	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.

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.

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:

	2025 RMB'000 (Unaudited)
Revenue from operation of owned hospitals	690,903
Including: Revenue from psychiatric healthcare business	489,760
Revenue from elderly healthcare business	201,143
Revenue from other healthcare-related business	46,753
Other revenue not related to healthcare business	906
Total	738,562

Revenue from operating its owned hospitals consists of fees charged for outpatient visits and inpatient services at the Group's various hospitals ("hospital services"), 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.

	2025 (RMB'000) (Unaudited)
Revenue from psychiatric healthcare business	722,440
Revenue from elderly healthcare business	515,802
	206,638
	31,537
Revenue from psychiatric healthcare business	690,903

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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:

	2025 (RMB'000) (Unaudited)
Billing Revenue	515,802
Cost of revenue	351,923
Gross profit	163,879
Billing Revenue	206,638
Cost of revenue	171,970
Gross profit	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.

	2025 (Unaudited)
Inpatient bed as at period end	2,900
Effective inpatient service bed-day capacity	499,230
Utilization rate (%)	85.3
Number of inpatient bed-days	425,751
Treatment and general healthcare services revenue attributable to inpatients (RMB'000)	151,629
Average inpatient spending per bed-day on treatment and general healthcare services (RMB)	356
Pharmaceutical sales revenue attributable to inpatients (RMB'000)	44,099
Average inpatient spending per bed-day on pharmaceutical sales (RMB)	104
T	195,728
T	460
Number of outpatient visits	33,327
Treatment and general healthcare services revenue attributable to outpatients (RMB'000)	4,960
Average outpatient spending per visit on treatment and general healthcare services (RMB)	149
Pharmaceutical sales revenue attributable to outpatients (RMB'000)	5,950
Average outpatient spending per visit on pharmaceutical sales (RMB)	179
T	10,910
T	327
T	156,589
T	50,049

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

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

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

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

	2025 (RMB'000) (Unaudited)
Pharmaceuticals and consumables used	149,554
Employee benefits and expenses	233,447
Depreciation and amortization of long-term assets	57,175
Canteen expenses	33,470
Testing fees	5,413
Others	44,834
	<u>523,893</u>

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

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

Revenue from other healthcare related business

The revenue from other healthcare related business of the Group primarily includes revenue from sales of medical devices and pharmaceutical sales outside the hospitals, revenue from non-medical care service, revenue from social psychological service, revenue from healthcare information technology business, etc. During the Reporting Period, the Group's revenue from other healthcare-related business amounted to RMB119.4 million, of which revenue from sales of pharmaceuticals and medical

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:

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:

	2025 (RMB'000) (Unaudited)
Employee benefits and expenses	71,695
Depreciation and amortization	15,388
Professional service fees	4,666
Travelling expenses	2,039
Others	28,032
Total	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%).

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:

	2025 (RMB'000) (Unaudited)
Clinical research	11,923
Development of informatization software	2,933
Construction of Internet hospital platform	807
Total	15,663

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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:

	2025 (RMB'000) (Unaudited)
Share of investment losses/gains accounted for under the equity method	-1,206
Gains on disposal of long-term equity investments	5,033
Gains from disposal of financial liabilities held for trading	5
Gains from investment in wealth management products	5
	<u>3,832</u>

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

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

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).

Government grants
Donations received
Payables that cannot be paid
Other non-operating income

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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.

As of June 30, 2026, the balance of accounts receivable amounted to RMB400.9 million

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

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

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

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

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.

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

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

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

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

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

	2025 (RMB'000) (Unaudited)
Net cash generated from operating activities	198,522
Net cash used in investing activities	-126,962
Net cash used in financing activities	6,317
Net increase in cash and cash equivalents	77,874

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.

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.

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

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

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

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.

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.

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.

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.

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

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

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

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

4.4.8.2H 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

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

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

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.

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

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

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

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

✓ 審核委員會的審閱

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

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

The Board proposes to declare an interim dividend. Based on the total share capital before the record date (“ ”) determined by the implementation of the 2026 interim profit distribution plan (as of the date of this announcement, the total share capital of the Company is 70,399,100 shares), a cash dividend of RMB1.8 per 10 Shares (inclusive of tax) will be distributed to all Shareholders. The total proposed cash dividend is RMB12,671,838

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%.

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

The Company has been applying the China Accounting Standards for Business Enterprises

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

The financial statements are prepared and has disclosed relevant financial information in accordance with the requirements of the Accounting Standard for Business Enterprises No.32 – Interim Financial Report (*《企業會計準則第32號 - 中期財務報告》*) issued by the Ministry of Finance.

The Group’s accounting policies applied in preparing the financial statements are consistent with those policies applied in the financial statements for the year ended 2025. The interim financial statements shall be read together with the financial statements for the year ended 2025 of the Group.

The financial statements are prepared on a going concern basis.

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

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

(All amounts in RMB unless otherwise stated)

	2025 (Unaudited)
Revenue	738,561,625
Including: Revenue	738,561,625
Interest income	—
Premium income	—
Fees and commissions income	—

	2025
	(Unaudited)
717,628,929	
Including: Cost of sales	549,334,194
Interest expenses	—
Fees and commissions expenses	—
Surrenders	—
Net claims expenses	—
Net provisions for insurance contracts reserve	—
Insurance policy dividend paid	—
Reinsurance costs	—
Taxes and surcharges	5,117,058
Selling and distribution expenses	3,688,280
General and administrative expenses	121,819,658
Research and development expenses	15,662,923
Financial expenses	22,006,815
Including: Interest expenses	18,377,254
Interest income	587,377
Add: Other income	11,601,815
Investment income (losses represented with “-” signs)	3,823,269
Including: Investment income from associates and joint ventures	-1,206,158
Derecognition income of financial assets measured at the amortized cost	—
Foreign exchange gains (losses represented with “-” signs)	—
Gains from net exposure hedges (losses represented with “-” signs)	☒ —
Gains from changes in fair value (losses represented with “-” signs)	477,844
Credit impairment losses (losses represented with “-” signs)	7,616,882
Asset impairment losses (losses represented with “-” signs)	☒ —
Gains from disposal of assets (losses represented with “-” signs)	1,250,151

		2025 (Unaudited)
Profit before income taxes		45,711,657
Add: Non-operating income		66,457
Less: Non-operating expenses		3,798,544
		<u>41,979,570</u>
Less: Income tax expenses		<u>15,210,452</u>
		<u>26,769,118</u>
(I) Classified by continuity of operations		
1. Net profit from continuing operation (net losses represented with “-” signs)		26,769,118
2. Net profit from discontinued operations (net losses represented with “-” signs)		—
(II) Classified by ownership of the equity		
1. Net profit attributable to shareholders of the parent company (net losses represented with “-” signs)		36,530,360
2. Non-controlling interests (net losses represented with “-” signs)		-9,761,241
Other comprehensive income attributable to shareholders of the parent company, net of tax		—
(I) Other comprehensive income that cannot be reclassified to profit and loss		
1. Changes arising from remeasurement of defined benefit plan		—
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		—
3. Changes in fair value of other equity instrument investments		—
4. Changes in fair value due to the enterprise’s own credit risk		—

(II) Other comprehensive income that can be reclassified to profit and loss

1. Other comprehensive income that can be reclassified to profit or loss under the equity method	☒	—
2. Changes in fair value of other debt investments	☒	—
3. Amount of financial assets reclassified into other comprehensive income	☒	—
4. Credit impairment provisions for other debt investments	☒	—
5. Reserves for cash flow hedges	☒	—
6. Exchange difference on translation of financial statements in foreign currencies	☒	—
7. Others	☒	—

Other comprehensive income attributable to non-controlling interests, net of tax

☒ —

Attributable to shareholders of the parent company	26,769,118
Attributable to non-controlling interests	36,530,360
	-9,761,241

(I) Basic (RMB per share)	0.50
(II) Diluted (RMB per share)	0.50

(All amounts in RMB Yuan unless otherwise stated)

		December 31, 2025 (Audited)
Cash at bank and on hand		294,039,861
Settlement deposits	☒	—
Placements with banks and other financial institutions	☒	—
Financial assets held for trading		8,573,388
Derivative financial assets	☒	—
Notes receivable		1,486,565
Accounts receivable		462,939,570
Receivables financing	☒	—
Advances to suppliers		15,792,569
Premium receivable	☒	—
Reinsurance accounts receivable	—	—
Provision for reinsurance contract receivable	—	—
Other receivables		77,790,656
Financial assets purchased for resale	—	—
Inventories		46,032,543
Contract assets	—	—
Assets held for sale	—	—
Non-current assets due within one year	—	—
Other current assets		25,380,696

		December 31, 2025 (Audited)
Non-current assets		
Granted loans and advances	—	—
Debt investments	—	—
Other debt investments	—	—
Long-term accounts receivable	—	—
Long-term equity investments		95,912,392
Investment in other equity instruments	—	—
Other non-current financial assets		28,123,066
Investment properties	—	—
Fixed assets		1,159,366,940
Construction in progress		13,091,855
Productive biological assets	—	—
Oil and gas assets	—	—
Right-of-use assets	—	192,354,108
Intangible assets		285,757,258
Development expenditure	—	—
Goodwill		126,454,938
Long-term prepaid expenses		121,609,291
Deferred tax assets		55,346,816
Other non-current assets		15,514,861
		<u>2,093,531,524</u>
Total non-current assets		<u>3,025,567,371</u>

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December 31,
2025

		December 31, 2025 (Audited)
Provision for insurance contracts	—	—
Long-term borrowings		746,952,957
Bonds payable	—	—
Including: Preferred shares	—	—
Perpetual bonds	—	—
Lease liabilities		148,475,651
Long-term payables		47,419,833
Long-term employee benefits payables	—	—
Estimated liabilities	—	—
Deferred income		18,206,515
Deferred tax liabilities		40,820,058
Other non-current liabilities	—	—
		<u>1,001,875,015</u>
		<u>1,713,937,473</u>
Share capital		72,358,900
Other equity instruments	—	—
Including: Preferred shares	—	—
Perpetual bonds	—	—
Capital surplus		760,645,327
Less: Treasury stock		47,815,625
Other comprehensive income	—	—
Special reserves	—	—
Surplus reserve		38,399,577
Provision for general risks	—	—
Retained earnings		364,230,300
Total equity attributable to shareholders of the parent company		1,187,818,478
Non-controlling interests		<u>123,811,420</u>
		<u>1,311,629,898</u>
		<u>3,025,567,371</u>

(All amounts in RMB Yuan unless otherwise stated)

		2025 (Unaudited)
Operating activities		
Cash received from sales of goods or rendering of services		906,586,410
Net increase in customer deposits and interbank deposits	☒	—
Net increase in borrowings from central bank	☒	—
Net increase in placements from other financial institutions	☒	—
Cash received from original insurance contract premium	☒	—
Net cash received from reinsurance business	☒	—
Net increase in deposits and investments from policyholders	☒	—
Cash received from interests, fees and commissions	☒	—
Net increase in placements from banks and other financial institutions	☒	—
Net increase in cash from repurchase business	☒	—
Net cash received from securities brokerage services	☒	—
Refund of taxes and levies	☒	—
Cash received relating to other operating activities		53,351,835
		<u>959,938,245</u>
Investing activities		
Cash paid for goods and services		278,457,055
Net increase in customer loans and advances	☒	—
	☒	—
Cash paid for compensation under original insurance contract	☒	—
Net increase in placements with banks and other financial institutions	☒	—
Cash paid for interests, fees and commissions	☒	—
Cash paid for policyholders' dividends	☒	—
Cash paid to and on behalf of employees		342,221,800
Payments of taxes and surcharges		44,199,368
Cash paid relating to other operating activities		96,538,404
		<u>761,416,627</u>
Financing activities		
		<u>198,521,618</u>

	2025 (Unaudited)
Cash received from disposal of investments	7,870,000
Cash received from returns on investments	5,699
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	

		2025 (Unaudited)	
✓	Decrease in cash and cash equivalents		-2,487
✓	Add: Cash and cash equivalents at the beginning of the period	77,873,892	255,232,744
✓			333,106,636

(All amounts in RMB Yuan unless otherwise stated)

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

(All amounts in RMB Yuan unless otherwise stated)

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

	December 31, 2025 (Audited)
Within 1 year	461,352,555
1-2 years	25,588,614
2-3 years	8,844,668
Over 3 years	7,368,906
Subtotal	<u>503,154,743</u>
Less: Provision for bad debts	40,215,173
Total	<u>462,939,570</u>

Accounts receivable shown by classification of bad debt provisions

Accounts receivable with provision for bad debts on the individual basis				
Including:				
Amount due from patients				
Accounts receivable with provision for bad debts on the grouping basis				
Including: Overdue days grouping				
Total	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

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

	December 31, 2025 (Audited)
Within one year	156,277,715
One to two years	2,848,067
Two years to three years	1,229,010
Above three years	448,301
Total	160,803,092

Analysis of revenue and cost of sales

	2025 (Unaudited)	
	Revenue	Cost
Main businesses	690,902,820	523,893,300
Other businesses	47,658,805	25,440,894
Total	738,561,625	549,334,194

Breakdown of revenue:

	2025 (Unaudited)
Revenue from main businesses	690,902,820
Including: Pharmaceutical sales	157,326,592
Treatments and general healthcare services	533,576,228
Revenue from other businesses	47,658,805
Including: Wholesale and retail revenue of pharmaceutical and equipment	28,287,518
Management service	1,485,149
Rental income	906,059
Others	16,980,080
Total	738,561,625

Losses on bad debts

	2025 (Unaudited)
Losses on bad debts of accounts receivable	161,795
Losses on bad debts of other receivables	-7,778,677
Total	-7,616,882

Basic earning per Share

	2025 (Unaudited)
Consolidated net profit attributable to the ordinary Shareholders of the parent company	36,530,360
Weighted average number of outstanding ordinary Shares of the Company	72,618,150
Basic earning per Share	0.50
Including: Basic earning per Share from continuing operations	0.50
Basic earning per Share from discontinued operations	☒ —

Diluted earning per Share

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

	2025 (Unaudited)
Consolidated net profit attributable to the ordinary Shareholders of the parent company (diluted)	36,530,360
Weighted average number of outstanding ordinary Shares of the Company (diluted)	72,618,150
Diluted earning per Share	0.50
Including: Diluted earning per Share from continuing operations	0.50
Diluted earning per Share from discontinued operations	☒ —

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

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

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

“Geriatric Hospital”	Wenzhou Yining Geriatric Hospital Co., Ltd. (溫州怡寧老年醫院有限公司), a company established in the PRC with limited liability on November 2, 2015, one of the wholly owned subsidiaries indirectly held by the Company, whose principal business is to provide medical services for the geriatric, including geriatric psychiatric and psychological treatment
“Group” or “we” or “our”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary Share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of The Stock Exchange of Hong Kong Limited
“HKD”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time
“Huainan Kangning Hospital”	Huainan Kangning Hospital Co., Ltd. (淮南康寧醫院有限公司), a company established in the PRC with limited liability on September 22, 2017, one of the Company’s indirect non-wholly owned subsidiaries
“Jinyun Shuning Hospital”	Jinyun Shuning Hospital Co., Ltd. (縉雲舒寧醫院有限公司), a company established in the PRC with limited liability on

“Pingyang Changgeng
Yining Hospital”

Pingyang Changgeng Yining Hospital Co., Ltd. (平陽長庚怡寧醫院有限公司), a company established in the PRC with limited liability on January 14, 2021, one of the Company’s wholly owned subsidiaries

“PRC” or “China”

the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Proposed Interim

“Yongjia Kangning
Hospital”

Yongjia Kangning Hospital Co., Ltd. (永嘉康寧醫院有限公司), a company established in the PRC with limited liability on December 12, 2012, one of the Company’s wholly owned subsidiaries

“Yueqing Kangning
Hospital”

Yueqing Kangning Hospital Co., Ltd., a company established in the PRC with limited liability on September 3, 2013, one of the Company’s wholly owned subsidiaries

“%”

percentage ratio

By Order of the Board



Chairman

Zhejiang, the PRC
August 10, 2026

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