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2 FINANCIAL HIGHLIGHTS

2.1 Principal Financial Da a and Indica or

	For h i mon h nd d J n 30, 2025 *RMB'000 (Una di d)*	2024 *RMB'000 (Unaudited)*
Revenue	**738,562**	828,957
Profit before income tax	**41,980**	61,513
Income tax expenses	**15,210**	16,516
Net profit	**26,769**	44,996
Net profit attributable to shareholders of the Company	**36,530**	50,724
Non-controlling interests	**-9,761**	-5,727

	A a J n 30, 2025 *RMB'000 (Una di d)*	As at December 31, 2024 *RMB'000 (Audited)*
Total assets	**3,046,387**	3,004,953
Total liabilities	**1,686,110**	1,661,651
Total equity	**1,360,277**	1,343,302
Equity attributable to shareholders of the Company	**1,237,324**	1,223,013
Non-controlling interests	**122,954**	120,289

	For h i mon h nd d J n 30, 2025 *RMB'000 (Una di d)*	**2024** *RMB'000 (Unaudited)*
Net cash generated from operating activities	**198,522**	116,536
Net cash used in investing activities	**-126,962**	-112,711
Net cash generated from financing activities	**6,317**	-41,660
Net increase in cash and cash equivalents	**77,874**	-37,934

3 BUSINESS REVIEW AND OUTLOOK

In the first half of 2025, the medical industry is in a period of interweaving between the deepening iteration of the policy system and the upgrading of service demand structure. On the one hand, the reform of medical insurance payment methods continues to advance in depth, the competitive situation in the regional medical market is increasingly intensified, and the industry ecology is accelerating restructuring and differentiation. On the other hand, with the changes in the national population structure and the improvement of health awareness, the social demand for mental health care and elderly medical services is also rising, showing significant characteristics of diversification, quality-oriented and stratification. Facing the complex and changing external environment, the Group has always adhered to the original intention of medical practitioners, focused on the stable operation of the two main businesses of mental health care and elderly medical care, relied on refined management and innovation in service models, consolidated business resilience, and strived to build Kangning's characteristic core competitiveness, aiming to move forward steadily in the wave of industry changes.

In the first half of 2025, the Group recorded a revenue from operation of RMB738.6 million, a decrease of 10.9% compared with the same period last year. Among them, the revenue from operating its owned hospitals reached RMB690.9 million, a decrease of 9.8% compared with the same period last year. During the Reporting Period, the Group achieved a net profit attributable to Shareholders of the Company of RMB36.5 million, a decrease of 28.0% compared with the same period last year. As of June 30, 2025, the number of the Group's owned hospitals increased to 33 (December 31, 2024: 32), including an independently established internet hospital (Yining Psychology Internet Hospital), and the number of operating beds increased to 11,818 (December 31, 2024: 11,508).

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In April 2025, the state issued the Action Plan for "Year of Pediatric and Mental Health Services" (2025-2027) (《"兒科和精神衛生服務年"行動方案(2025-2027年)》), which clearly put forward key tasks for mental health and mental health services, requiring the strengthening of the construction of the mental health service system, the improvement of the level of primary mental health services, and the formulation of corresponding measures such as the training of psychiatric professionals, various forms of diagnosis and treatment, and the increase of mental health science popularization, further expanding the market space of the Group. In the first half of 2025, the Group had a total of 25 owned hospitals whose main business was psychiatric healthcare services. Despite certain pressure on revenue and profit, the overall business performance was stable. During the Reporting Period, the operation of the Group's owned psychiatric hospitals is as follows:

	For the six months ended June 30,		
	2025	2024	Percentage of Increase (Decrease)
Inpatient			
Number of beds	**8,918**	8,918	–
Bed utilization rate	**88.1%**	86.3%	1.8%
Number of inpatient bed-days	**1,422,112**	1,400,730	1.5%
Average daily total expenditure per inpatient bed *(RMB)*	**304**	325	-6.5%
Inpatient service revenue *(RMB'000)*	**431,788**	455,421	-5.2%
Outpatient			
Number of outpatient visits	**308,444**	198,749	55.2%
Average total expenditure per outpatient visit *(RMB)*	**272**	438	-37.9%
Outpatient service revenue *(RMB'000)*	**84,013**	86,992	-3.4%
Revenue from psychiatric healthcare service business *(RMB'000)*	**515,801**	542,413	-4.9%

Elderly Healthcare Business

With the accelerating aging of China's population, the demand of the elderly for medical services such as chronic disease management, post-operative care and rehabilitation treatment has increased significantly. Coupled with the systematic improvement of national health awareness in the post-pandemic era, the elderly population's demand for high-quality medical services is expected to continue to grow steadily.

			Percentage of Increase
2025	2024		(Decrease)
P%			

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

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review

The Group recorded a revenue from operation of RMB738.6 million during the Reporting Period (for the six months ended June 30, 2024: RMB829.0 million), representing a decrease of 10.9% compared with the same period of 2024. Among them, revenue from the operation of owned hospitals amounted to RMB690.9 million (for the six months ended June 30, 2024: RMB765.6 million), representing a decrease of 9.8% compared with the same period of 2024. During the Reporting Period, the gross profit margin of the Group's owned hospitals was 24.2% (for the six months ended June 30, 2024: 27.5%). The overall gross profit of the Group decreased to RMB189.2 million, representing a decrease of 16.3% compared with the same

Revenue and cost of revenue from operating its owned hospitals

Revenue from operating its owned hospitals consists of fees ("**Billing Revenue**") charged for outpatient visits and inpatient services at the Group's various hospitals, 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, including medical insurance settlement differences and estimates of uncollectible portions of patient fees for medical services provided to mainly extremely poor people, those living on the edge of poverty due to illness, and other people with special difficulties as stipulated by people's governments at or above the county level in accordance with relevant policies. The Group presents the net amount after deducting variable considerations as operating revenue.

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,	
	2025	2024
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Billing Revenue from owned hospital	**722,440**	784,892
Including: Revenue from psychiatric healthcare business	**515,802**	542,413
Revenue from elderly healthcare business	**206,638**	242,479
Less: Variable considerations	**31,537**	19,256
Revenue from operating owned hospitals – net	**690,903**	765,636

During the Reporting Period, the Group's Billing Revenue from its owned hospitals amounted to RMB722.4 million, representing a decrease of 8.0% compared with the same period of 2024, 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 RMB31.5 million, representing an increase of RMB12.3 million compared with the same period of 2024. The proportion of variable considerations to Billing Revenue increased to 4.4% (for the six months ended June 30, 2024: 2.5%).

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,	
	2025	2024
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Billing Revenue from psychiatric healthcare business	**515,802**	542,413
Cost of revenue	**351,923**	362,789
Gross profit	**163,879**	179,624
Billing Revenue from elderly healthcare business	**206,638**	242,479
Cost of revenue	**171,970**	192,429
Gross profit	**34,668**	50,050

During the Reporting Period, the Group's Billing Revenue from its owned hospitals amounted to RMB722.4 million, representing a decrease of RMB62.5 million compared with the same period of 2024, mainly due to the decrease in Billing Revenue from Wenzhou Kangning Hospital, Geriatric Hospital, Yongjia 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 decrease by 13.6% compared with the same period of 2024, mainly due to the decrease in average inpatient spending per day per bed.

	For the six months ended June 30,	
	2025	2024
	(Unaudited)	*(Unaudited)*
Total revenue from general healthcare services *(RMB'000)*	**408,535**	434,748
Total pharmaceutical sales revenue *(RMB'000)*	**107,266**	107,665

During the Reporting Period, inpatient Billing Revenue from psychiatric healthcare business amounted to RMB431.8 million, representing a decrease of 5.2% compared with the same period of 2024, mainly due to the decrease of 6.5% in per bed-day spending of psychiatric healthcare business compared with the same period in 2024 as a result of the slowdown in growth of its own hospitals, including Wenzhou Kangning Hospital, Yongjia Kangning Hospital, Taizhou Kangning Hospital, Luqiao

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	For h i mon h nd d J n 30,	
	2025	2024
	(Una di d)	*(Unaudited)*
Inpa i n		
Inpatient bed as at period end	**2,900**	2,730
Effective inpatient service bed-day capacity	**499,230**	496,860
Utilization rate *(%)*	**85.3**	90.9
Number of inpatient bed-days	**425,751**	451,667
Treatment and general healthcare services revenue attributable to inpatients *(RMB'000)*	**151,629**	174,351
Average inpatient spending per visit on treatment and general healthcare services *(RMB)*	**356**	386
Pharmaceutical sales revenue attributable to inpatients *(RMB'000)*	**44,099**	47,430
Average inpatient spending per bed-day on pharmaceutical sales *(RMB)*	**104**	105
To al inpa i n r n *(RMB'000)*	**195,728**	221,781
To al a rag inpa i n p nding p r b d-da *(RMB)*	**460**	491
O pa i n		
Number of outpatient visits	**33,327**	44,359
Treatment and general healthcare services revenue attributable to outpatients *,099*	*47,430*	

During the Reporting Period, inpatient Billing Revenue from elderly healthcare business amounted to RMB195.7 million, representing a decrease of 11.7% compared with the same period of 2024, mainly due to the decrease of 5.7% and 6.3% in inpatient bed-days and inpatient spending of elderly healthcare business compared with the same period in 2024 resulted from adjustment of business structure of Geriatric Hospital and Pingyang Changgeng Yining Hospital. The proportion of inpatient Billing Revenue from elderly healthcare business to total Billing Revenue from elderly healthcare business was 94.7% (for the six months ended June 30, 2024: 91.5%).

During the Reporting Period, outpatient Billing Revenue from elderly healthcare business amounted to RMB10.9 million, representing a decrease of 47.3% compared with 2024, mainly due to a decrease of 24.9% in outpatient visits caused by the decline in outpatient business of Pingyang Changgeng Yining Hospital and a decrease of 30.0% in average outpatient spending per visit. The proportion of outpatient Billing Revenue from elderly healthcare business to total Billing Revenue from psychiatric healthcare business was 5.3% (for the six months ended June 30, 2024: 8.5%).

During the Reporting Period, due to the decline of both inpatient and outpatient businesses of elderly healthcare business, Billing Revenue from treatment and general healthcare services of elderly healthcare business decreased by 14.4% compared with the same period of 2024, accounting for 75.8% of total Billing Revenue from elderly healthcare business (for the six months ended June 30, 2024: 75.5%); while Billing Revenue from pharmaceutical sales decreased by 15.9% compared with the same period of 2024, accounting for 24.2% of total Billing Revenue from elderly healthcare business (for the six months ended June 30, 2024: 24.5%). Among them, the proportion of inpatient pharmaceutical sales Billing Revenue to total inpatient Billing Revenue increased to 22.5% (for the six months ended June 30, 2024: 21.4%), and the proportion of outpatient pharmaceutical sales revenue to total outpatient Billing Revenue decreased to 54.5% (for the six months ended June 30, 2024: 58.4%).

The cost of revenue of the Group's owned hospitals mainly includes pharmaceuticals and consumables used, employee benefits and expenses, depreciation of right-of-use assets, depreciation and amortization, 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,	
	2025	2024
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Pharmaceuticals and consumables used	**149,554**	177,398
Employee benefits and expenses	**233,447**	228,188
Depreciation and amortization of long-term assets	**57,175**	66,865
Canteen expenses	**33,470**	33,351
Testing fees	**5,413**	8,450
Others	**44,834**	40,966
Cost of revenue of owned hospital	**523,893**	555,218

During the Reporting Period, the cost of revenue of the Group's owned hospitals decreased to RMB523.9 million, representing a decrease of 5.6% compared with the same period of 2024. This was mainly due to: (i) a 15.7% decrease in the cost of pharmaceuticals and consumables compared with the same period of 2024; (ii) a 2.3% increase in employee benefits and expenses due to the increase in operating beds of owned hospitals; and (iii) a 14.5% decrease in depreciation and amortization of long-term assets compared with the same period of 2024.

In terms of cost structure, the proportion of pharmaceuticals and consumables used to the cost of revenue of owned hospitals decreased to 28.6% (for the six months ended June 30, 2024: 32.0%), the proportion of employee benefits and expenses to the cost of revenue of owned hospitals increased to 44.6% (for the six months ended June 30, 2024: 41.1%), and the proportion of depreciation and amortization of long-term assets to the cost of revenue of owned hospitals was 10.9% (for the six months ended June 30, 2024: 12.0%).

Revenue from other healthcare related business

The Group's revenue from other healthcare-related business mainly includes revenue from sales of medical devices, revenue from pharmaceutical sales outside hospitals, revenue from social psychological services and revenue from medical information

4.1.3 Taxes and Surcharges

During the Reporting Period, the taxes and surcharges of the Group amounted to RMB5.1 million (for the six months ended June 30, 2024: RMB6.3 million).

4.1.4 Selling Expenses

During the Reporting Period, the selling expenses of the Group amounted to RMB3.7 million (for the six months ended June 30, 2024: RMB9.2 million). Selling expenses accounted for 0.5% of the Group's revenue from operating owned hospitals (for the six months ended June 30, 2024: 1.2%).

4.1.5 Administrative Expenses

During the Reporting Period, the administrative expenses of the Group mainly include employee benefits and expenses, depreciation and amortization, professional service fees, travel 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,	
	2025	*2024*
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Employee benefits and expenses	**71,695**	64,383
Depreciation and amortization	**15,388**	13,955
Consultancy expenses	**4,666**	4,042
Travelling expenses	**2,039**	2,199
Others	**28,032**	21,692
Total administrative expenses	**121,820**	106,271

During the Reporting Period, the administrative expenses of the Group amounted to RMB121.8 million, representing an increase of 14.6% compared with the same period of 2024, mainly due to an increase of 11.4% in employee benefits and expenses compared with the same period of 2024 and a 10.3% increase in depreciation and amortization compared with the same period of 2024. During the Reporting Period, administrative expenses accounted for 17.6% of the Group's revenue from operating owned hospitals (for the six months ended June 30, 2024: 13.9%).

4.1.6 Research and Development Expenses

During the Reporting Period, the net finance expenses of the Group amounted to RMB22.0 million, representing a decrease of RMB2.5 million compared with the same period of 2024, of which borrowing interest expenses decreased by RMB4.4 million compared with the same period of 2024, mainly due to the reduction in the interest rate on the Group's bank borrowings.

4.1.8 In m n Gain

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

	For h i mon h nd d J n 30,	
	2025	2024
	(RMB'000)	*(RMB'000)*
	(Una di d)	*(Unaudited)*
Share of investment losses/gains accounted for under the equity method	**-1,206**	479
Gains on disposal of long-term equity investments		
2024		
	Gai5.4on di po al of long- al h manag m n prod	

4.1.11 Non-Operating Income and Non-Operating Expenses

Our non-operating income mainly includes government grants and donation income, while non-operating expenses mainly include losses on disposal of non-current assets, donation expenses and medical dispute expenses. 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,	
	2025	2024
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Government grants	**4**	129
Donations received	**6**	47
Other non-operating income	**56**	327
Non-operating income	**66**	503
Losses on scrapping of non-current assets	**794**	292
Donation expenses	**734**	500
Expenses on medical disputes	**549**	807
Other non-operating expenses	**1,722**	1,217
Non-operating expenses	**3,799**	2,816

During the Reporting Period, the non-operating income of the Group amounted to RMB0.1 million, representing a decrease of RMB0.4 million compared with the same period of last year. During the Reporting Period, the non-operating expenses of the Group increased to RMB3.8 million, mainly due to an increase of RMB0.5 million in losses on scrapping of non-current assets compared with the same period of 2024 and an increase of RMB0.2 million in donation expenses compared with the same period of 2024.

4.1.12 Income Tax Expenses

During the Reporting Period, income tax expense decreased to RMB15.2 million (for the six months ended June 30, 2024: RMB16.5 million), representing a decrease of 7.9% compared with the same period of 2024. During the Reporting Period and for the six months ended June 30, 2024, our effective tax rates were 36.2% and 26.9% respectively.

4.2 Financial Position

4.2.1 Inventory

As of June 30, 2025, inventory balance amounted to RMB49.6 million (as of December 31, 2024: RMB50.6 million), mainly including inventory of pharmaceuticals and turnover materials.

4.2.2 Accounts Receivable

As of June 30, 2025, the balance of accounts receivable amounted to RMB419.9 million (as of December 31, 2024: RMB571.8 million), representing a decrease of 26.6% compared with the balance as of December 31, 2024, mainly due to the medical insurance settlement amount of 2024 were recovered during the first half of 2025.

During the Reporting Period, the accounts receivable turnover days of the Group were 122 days (for the six months ended June 30, 2024: 95 days).

4.2.8 Right-of-use Assets

As of June 30, 2025, right-of-use assets increased to RMB193.2 million (as of December 31, 2024: RMB161.8 million).

4.2.9 Intangible Assets

As of June 30, 2025, intangible assets increased to RMB305.0 million (as of December 31, 2024: RMB291.5 million).

4.2.10 Goodwill

As of June 30, 2025, goodwill increased to RMB127.2 million (as of December 31, 2024: RMB114.2 million).

4.2.11 Long-term Prepaid Expenses

As of June 30, 2025, long-term deferred expenses decreased to RMB135.0 million (as of December 31, 2024: RMB150.4 million), mainly due to the new decoration expenses of RMB4.3 million during the Reporting Period and the amortization of decoration costs of RMB19.1 million.

4.2.12 Deferred Tax Assets

As of June 30, 2025, deferred tax assets decreased to RMB52.4 million (as of December 31, 2024: RMB56.2 million).

4.2.13 Accounts Payable

As of June 30, 2025, accounts payable decreased to RMB118.8 million (as of December 31, 2024: RMB131.9 million).

4.2.14 Receipts in Advance

As of June 30, 2025, receipts in advance increased to RMB29.6 million (as of December 31, 2024: RMB21.3 million).

4.2.15 Other Payables

As of June 30, 2025, other payables decreased to RMB72.7 million (as of December 31, 2024: RMB81.3 million), mainly due to the settlement and payment of outstanding project funds for the new construction projects of Quzhou Yining Hospital, Longquan Kangning Hospital and Linhai Cining Hospital.

4.3 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,	
	2025	2024
	(RMB'000)	*(RMB'000)*
	(Unaudited)	*(Unaudited)*
Net cash generated from operating activities	**198,522**	116,536
Net cash used in investing activities	**-126,962**	-112,711
Net cash generated from financing activities	**6,317**	-41,660
Net increase/decrease in cash and cash equivalents	**77,874**	-37,934

4.3.1 Net Cash Generated from Operating Activities

During the Reporting Period, net cash generated from operating activities amounted to RMB198.5 million, mainly including net profit attributable to the parent company of RMB36.5 million, adjustments of RMB-7.6 million for credit impairment losses and asset impairment losses, and adjustments of RMB74.7 million for depreciation and amortization of various assets. Cash inflow from changes in working capital amounted to RMB88.3 million, mainly due to the decrease in the balance amount of accounts receivable.

4.3.2 Net Cash Used in Investing Activities

During the Reporting Period, net cash used in investing activities amounted to RMB127.0 million, mainly due to the purchase of property, plant and equipment of RMB97.5 million, including infrastructure investments in Longquan Kangning Hospital, Lucheng Yining Hospital and Linhai Cining Hospital.

4.3.3 Net Cash Generated from Financing Activities

During the Reporting Period, net cash inflow generated from financing activities amounted to RMB6.3 million.

4.3.4 Significant Investment, Acquisition and Disposal

The Group had no significant investments, acquisitions or disposals during the six months ended June 30, 2025.

As of the date of this announcement, the Group did not receive any specific plan with authorization from the Board on significant investment in or acquisition of capital assets.

4.4 Indebtedness

4.4.1 Bank Borrowing

As of June 30, 2025, the balance of bank borrowings of the Group amounted to RMB1,005.9 million (as of December 31, 2024: RMB946.2 million), mainly due to the repayment of borrowings of RMB179.1 million and an increase in borrowings of RMB238.8 million during the Reporting Period.

4.4.2 Contingent Liabilities

As of June 30, 2025, the Group had no contingent liabilities or guarantees that would have a material impact on the Group's financial position or operations.

4.4.3 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, 2025, the balance of such pledged loans was RMB413.9 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, 2025, the balance of such pledged loan was RMB116.0 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, 2025, 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, 2025, the balance of such pledged loan was RMB58.0 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, 2025, the balance of such pledged loan was RMB39.7 million.

4.4.4 Lease Liabilities

The Group's lease liabilities mainly include operating lease arrangements. As of June 30, 2025, after deducting the amount of RMB33.4 million due within one year, the present value of outstanding lease payments under non-cancellable lease agreements was RMB184.9 million.

4.4.5 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.

4.4.6 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, 2025, 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.

4.4.7 Gearing Ratio

As of June 30, 2025, the Group's gearing ratio (total liabilities divided by total assets) was 55.3% (as of December 31, 2024: 55.3%).

4.4.8 Employee and Remuneration Policy

As of June 30, 2025, the Group had a total of 4,761 employees (as of December 31, 2024: 4,869 employees). During the Reporting Period, employee remuneration (including salaries and other forms of employee benefits) was approximately RMB323.8 million (for the six months ended June 30, 2024: RMB313.8 million). The average employee remuneration (including social insurance plans and housing provident fund plans borne by the Group) was RMB136.0 thousand per year. Remuneration is determined with reference to the salary levels of the same industry and the qualifications, experience and performance of employees.

4.4.8.1Equity 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 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 3.3997% 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 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 incentive 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 the date of this announcement, a total of 7 participants exited, corresponding to a total of 75,000 award shares. As of the date of this announcement, the selected participants of the actual grant under the H Share Award and Trust Scheme comprised 101 persons, and a total of 1,240,100 award shares had been granted. The award shares granted accounted for 1.71% of the total issued share capital of the Company as of the date of this announcement. 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.

5 PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Report Period, the Share Repurchases could have increased net asset value per Share and/or earnings per Share, which was in the interests of the Company and the Shareholders as a whole, the Company repurchased a total of 311,100 Shares for an aggregate consideration of HKD3,514,896.5 (before deduction of expenses) on the Hong Kong Stock

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%.

9 COMPLIANCE WITH CG CODE

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

10 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 new Companies Ordinance (《公司條例》) (Chapter 622 of the laws of Hong Kong) (the ("**Compani Ordinanc**").

Item		For the six months ended June 30, 2025 (Unaudited)	2024 (Unaudited)
II.	**Total cost of sales**	**717,628,929**	766,642,938
Including:	Cost of sales	**549,334,194**	602,800,461
	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**	6,268,299
	Selling and distribution expenses	**3,688,280**	9,249,266
	General and administrative expenses		6,71,3841
	and expenses		

Item	For the six months ended June 30, 2025 (Unaudited)	2024 (Unaudited)
III. Operating profit (loss represented with "-" sign)	**45,711,657**	63,825,306
Add: Non-operating income	**66,457**	503,490
Less: Non-operating expenses	**3,798,544**	2,816,220
IV. Total profit (loss represented with "-" sign)	**41,979,570**	61,512,576
Less: Income tax expenses	**15,210,452**	16,516,143
V. Net profit (net loss represented with "-" sign)	**26,769,118**	44,996,433
(I) Classified by continuity of operations		
1. Classified by continuity of operations (losses represented with "-" signs)	**26,769,118**	44,996,433
2. Net profit from discontinued operations (losses represented with "-" signs)		–
(II) Classified by ownership of the equity		
1. Net profit attributable to shareholders of the parent company (losses represented with "-" signs)	**36,530,360**	50,723,744
2. Non-controlling interests (losses represented with "-" signs)	**-9,761,241**	-5,727,311
VI. Other comprehensive income, net of tax		
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		

11.2.2 Interim Consolidated Balance Sheet

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	**June 30, 2025** *(Unaudited)*	December 31, 2024 *(Audited)*
Current assets:		
Cash at bank and on hand	**340,232,500**	261,749,011
Settlement deposits		–
Placements with banks and other financial institutions		–
Financial assets held for trading	**21,325,265**	7,938,322
Derivative financial assets		–
Notes receivable		663,799
Accounts receivable	**419,912,658**	571,812,957
Receivables financing		–
Advances to suppliers	**27,461,467**	14,713,963
Premium receivable		–
Reinsurance accounts receivable		–
Provision for reinsurance contract receivable		–
Other receivables	**99,269,639**	81,354,942
Financial assets purchased for resale		–
Inventories	**49,637,663**	50,629,131
Contract assets		–
Assets held for sale		–
Non-current assets due within one year		–
Other current assets	**9,881,286**	5,859,354
Total current assets	**967,720,479**	994,721,479

ASSETS	Jun 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Non-current assets:		

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2025 *(Unaudited)*	December 31, 2024 *(Audited)*
Current liabilities:		
Short-term borrowings	**105,720,000**	91,000,000
Borrowings from central bank		–
Placements from banks and other financial institutions		–
Financial liabilities held for trading		14,000,000
Derivative financial liabilities		–
Notes payable	**1,522,204**	–
Accounts payable	**118,842,628**	131,936,380
Receipts in advance	**29,594,023**	21,319,198
Contract liabilities	**1,812,825**	49,771
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	**66,734,813**	85,747,297
Taxes payable	**21,253,502**	39,128,084
Other payables	**72,746,940**	81,287,433
Fees and commissions payable		–
Reinsurance accounts payable		–
Liabilities held for sale		–
Non-current liabilities due within one year	**288,868,213**	229,270,444
Other current liabilities	**218,774**	615,218
Total current liabilities	**707,313,922**	694,353,825

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Non-current liabilities:		
Provision for insurance contracts		–
Long-term borrowings	**678,248,077**	691,017,337
Bonds payable		–
Including: Preferred shares		–
Perpetual bonds Lease liabilities		–
Lease liabilities	**184,944,626**	151,300,063
Long-term payables	**70,878,076**	76,236,879
Long-term employee benefits payables		–
Estimated liabilities		–
Deferred income	**8,278,411**	8,430,307
Deferred tax liabilities	**36,447,159**	40,313,059
Other non-current liabilities		–
Total non-current liabilities	**978,796,349**	967,297,645
Total liabilities	**1,686,110,271**	1,661,651,470
Shareholders' equity:		
Share capital	**72,358,900**	72,670,000
Other equity instruments	–	—
Including: Preferred shares		–
Perpetual bonds		–
Capital surplus	**789,916,782**	790,024,238
Less: Treasury shares		–
Other comprehensive income		–
Special reserve		–
Retained earnings	**(789,916,782)**	(790,024,238)
Total equity attributable to owners of the Company		–
Non-controlling interests		–
Total shareholders' equity	**72,358,900**	72,670,000
Total liabilities and shareholders' equity	**1,758,469,171**	1,734,321,470

11.2.3 In rim Con olida d S a m n of Ca h Flo

(All amounts in RMB Yuan unless otherwise stated)

I m	For h i mon h nd d J n 30, 2025 *(Una di d)*	2024 *(Unaudited)*
I. Ca h flo from op ra ing ac i i i		
Cash received from sales of goods or rendering of services	**906,586,410**	774,736,898
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**	40,064,568
S b- o al of ca h inflo of op ra ing ac i i i	**959,938,245**	814,801,466
Cash paid for goods and services	**278,457,055**	264,247,149
Net increase in customer loans and advances		–
Net increase in deposits with central bank and other banks		–
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**	329,971,886
Payments of taxes and surcharges	**44,199,368**	40,687,506
Cash paid relating to other operating activities	**96,538,404**	63,358,941
S b- o al of ca h o flo of op ra ing ac i i i	**761,416,627**	698,265,482
N ca h flo from op ra ing ac i i i	**198,521,618**	116,535,984

Item	For the six months ended June 30, 2025 (Unaudited)	2024 (Unaudited)
II. Cash flows from investing activities		
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		2

Item	For the six months ended June 30, 2025 *(Unaudited)*	2024 *(Unaudited)*
IV. Effect of foreign exchange rate changes on cash and cash equivalents	**-2,487**	-99,245
V. Net increase in cash and cash equivalents	**77,873,892**	-37,934,050
Add: Cash and cash equivalents at the beginning of the period	**255,232,744**	404,723,339
VI. Cash and cash equivalents at the end of the period	**333,106,636**	366,789,289

11.2.4 Consolidated Statement of Changes in Shareholders' Equity

(All amounts in RMB Yuan unless otherwise stated)

Item	Other equity instruments				Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Retained earning	Subtotal	Non-controlling interests	Total owners' equity
	Share capital	Preferred share	Perpetual bond	Other			Amount for the current period attributable to owners of the parent company							
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	1,223,012,794	120,288,896	1,343,301,690
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					2,831,843							2,831,843		2,831,843
4. Others														
(III) Distribution of profits											-21,801,000	-21,801,000		-21,801,000
1. Withdrawal of surplus reserves														
2. Withdrawal of provision for general risk														
3. Profit distributed to owners (or shareholders)											-21,801,000	-21,801,000		-21,801,000
4. Others														

Item	Other equity instruments				Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Provision for general risk	Retained earnings	Subtotal	Non-controlling interests	Total owners' equity
	Share capital	Preferred shares	Perpetual bond	Other										
(IV) Internal carry-forward of owners' 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 period	**72,358,900**				**789,916,782**	**22,366,849**			**38,399,577**		**359,015,188**	**1,237,323,598**	**122,953,611**	**1,360,277,209**

Amount for the previous period

Items	Equity attributable to owners of the parent company												Non-controlling interests	Total owners' equity
	Other equity instruments				Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Subtotal		
	Share capital	Preferred shares	Perpetual bonds	Others										
I. Balance as at the end of the previous year	74,600,300				852,695,602	12,587,012			38,399,577		311,956,229	1,265,064,696	143,141,251	1,408,205,947
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	74,600,300	–	–	–	852,695,602	12,587,012	–	–	38,399,577	–	311,956,229	1,265,064,696	143,141,251	1,408,205,947
III. Increases/decreases in the current period ("–" for decreases)	–				-11,942,120	-9,440,179	–	–	–	–	28,343,654	25,841,713	-7,585,804	18,255,909
(I) Total comprehensive income											50,723,744	50,723,744	-5,727,311	44,996,433
(II) Owner contribution and capital decrease	–	–	–	–	-8,566,709	-9,440,179	–	–	–	–	–	873,470	1,033,024	1,906,494
1. Common stock contributed by owners					-9,334,383	-9,440,179						105,796	1,033,024	1,138,820
2. Capital invested by holders of other equity instruments												–		–
3. Amounts of share-based payments recognized in owners' equity					767,674							767,674		767,674
4. Others												–		–
(III) Distribution of profits	–	–	–	–	–	–	–	–	–	–	-22,380,090	-22,380,090	-2,891,517	-25,271,607
1. Withdrawal of surplus reserves												–		–
2. Withdrawal of provision for general risk												–		–
3. Profit distributed to owners (or shareholders)											-22,380,090	-22,380,090	-2,891,517	-25,271,607
4. Others												–		–

Items	Amount for the previous period									
	Equity attributable to owners of the parent company								Non-controlling interests	Total shareholders' equity
	Other equity instruments				Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve		
	Share capital	Preferred shares	Perpetual bonds	Others						

11.3 Notes to the Consolidated Interim Financial Information prepared in accordance with the China Accounting Standard for Business Enterprises
(All amounts in RMB Yuan unless otherwise stated)

11.3.1 Accounts receivable

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

	June 30, 2025 *(Unaudited)*	December 31, 2024 *(Audited)*
Within 1 year	**421,328,650**	576,106,514
1-2 years	**14,920,001**	20,258,896
2-3 years	**8,630,742**	4,413,822
Over 3 years	**6,457,744**	4,766,339
Subtotal	**451,337,137**	605,545,571
Less: Provision for bad debts	**31,424,479**	33,732,614
Total	**419,912,658**	571,812,957

Accounts receivable shown by classification of bad debt provisions

	June 30, 2025 (Unaudited)				
	Balance of carrying amount		**Provision for bad debt**		
	Amount	**Proportion (%)**	**Amount**	**Percentage of provision (%)**	**Book value**
Accounts receivable with provision for bad debts on the individual basis	**14,298,993**	**3.2**	**10,202,248**	**71.4**	**4,096,745**
Including:					
Amount due from patients	**14,298,993**	**3.2**	**10,202,248**	**71.4**	**4,096,745**
Accounts receivable with provision for bad debts on the grouping basis	**437,038,144**	**96.8**	**21,222,231**	**4.9**	**415,815,913**
Including:					
Overdue days grouping	**437,038,144**	**96.8**	**21,222,231**	**4.9**	**415,815,913**
Total	**451,337,137**	**100**	**31,424,479**		**419,912,658**

	December 31, 2024 (Audited)				
	Balance of carrying amount		Provisions for bad debt		
	Amount	Proportion (%)	Amount	Percent of provision (%)	value
Accounts receivable with provision for bad debts on the individual basis	12,375,106	2.0	12,337,791	99.7	37,315

11.3.3 Revenue and cost of sales

Analysis of revenue and cost of sales

	For the six months ended June 30,			
	2025		2024	
	(Unaudited)		*(Unaudited)*	
	Revenue	**Cost**	Revenue	Cost
Main businesses	**690,902,820**	**523,893,300**	765,636,198	555,217,793
Other businesses	**47,658,805**	**25,440,894**	63,321,356	47,582,668
Total	**738,561,625**	**549,334,194**	828,957,554	602,800,461

Breakdown of revenue:

	For the six months ended June 30,		
	2025	2024	
	(Unaudited)	*(Unaudited)*	
Revenue from main businesses	**690,902,820**	765,636,198	
Including: Pharmaceutical sales	**157,326,592**	167,185,935	
Treatments and general healthcare services	**533,576,228**	598,450,263	
Revenue from other businesses	**47,658,805**	63,321,356	
Including: Wholesale and retail revenue of pharmaceutical and equipment	**28,287,518**	41,715,643	
Management service	**1,485,149**	1,485,148	
Rental income	**906,059**	297,620	
Others	**16,980,080**	19,822,944	
Total	**738,561,625**	828,957,554	

11.3.4 Credit impairment loss

	For the six months ended June 30,	
	2025	2024
	(Unaudited)	*(Unaudited)*
Losses on bad debts of accounts receivable	**161,795**	-462,549
Losses on bad debts of other receivables	**-7,778,677**	6,046,813
Total	**-7,616,882**	5,584,264

11.3.5 Earning per Share

Basic earning per Share

	For the six months ended June 30,	
	2025	2024
	(Unaudited)	*(Unaudited)*
Consolidated net profit attributable to the ordinary Shareholders of the parent company	**36,530,360**	50,723,744
Weighted average number of outstanding ordinary Shares of the Company	**72,618,150**	74,600,300
Basic earning per Share	**0.50**	0.68
Including: Basic earning per Share from continuing operations	**0.50**	0.68
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):

	For the six months ended June 30,	
	2025	2024
	(Unaudited)	*(Unaudited)*
Consolidated net profit attributable to the ordinary Shareholders of the parent company (diluted)	**36,530,360**	50,723,744
Weighted average number of outstanding ordinary Shares of the Company (diluted)	**72,618,150**	74,600,300
Diluted earning per Share	**0.50**	0.68
Including: Diluted earning per Share from continuing operations	**0.50**	0.68
Diluted earning per Share from discontinued operations		–

11.3.6 Income tax expenses

Table of income tax expenses

	For the six months ended June 30,	
	2025	2024
	(Unaudited)	*(Unaudited)*
Current income tax expenses	**13,016,683**	19,082,552
Deferred income tax expenses	**2,193,769**	-2,566,409
Total	**15,210,452**	16,516,143

Reconciliation between total profit and income tax expenses

	For the six months ended June 30,	
	2025	2024
	(Unaudited)	*(Unaudited)*
Total profit	**41,979,570**	61,512,577
Income tax expenses calculated at the statutory tax rates	**10,444,307**	12,647,014
Impact of different tax rates applicable to subsidiaries	**-43,611**	474,180
Adjustment to impact of income tax of past periods	**355,100**	-769,493
Impact of non-taxable income		–
Impact of non-deductible costs, expenses and losses	**729,658**	817,638
Impact of deductible losses of the deferred income tax assets unrecognized in the previous period	**-7,934,940**	-4,610,218
Impact of deductible temporary differences or deductible losses for which deferred income tax assets are not recognized in the current period	**13,628,752**	9,615,740
Additional deduction of research and development expenses	**-2,338,334**	-3,065,849
Impact of business combination involving enterprise not under common control	**136,618**	1,560,541
Others	**232,902**	-153,410
Income tax expenses	**15,210,452**	16,516,143

11.3.7 Dividend

On August 12, 2025, the Board proposed to distribute an interim dividend of RMB1.8 per 10 Shares (inclusive of tax) with an aggregate amount of RMB13,024,602 (inclusive of tax) (assuming there is no change in the total share capital of the Company from the date of this announcement to the Record Date) to all Shareholders of the Company for the six months ended June 30, 2025, based on the total share capital as of the record date determined by the implementation of the 2025 interim profit distribution plan (as of the date of this announcement, the total share capital of the Company is 72,358,900 Shares). The proposed dividend is subject to approval at the extraordinary general meeting.

On March 28, 2025, the Board proposed to distribute a final dividend of RMB3 per 10 shares (inclusive of tax) with an aggregate amount of RMB21,801,000 (inclusive of tax) to all Shareholders of the Company for the year ended December 31, 2024, based on 72,670,000 shares issued by the Company as of December 31, 2024. The proposed dividend was approved at the 2024 Annual General Meeting of the Company held on June 30, 2025.

On August 28, 2024, the Board proposed to distribute an interim dividend of RMB1.50 per 10 shares (inclusive of tax) with an aggregate amount of RMB10,900,500 (inclusive of tax) to all Shareholders of the Company for the six months ended June 30, 2024, based on 72,670,000 shares in total as of the record date determined by the implementation of the 2024 interim profit distribution plan. The proposed dividend was approved at the 2024 First Extraordinary General Meeting of the Company held on October 14, 2024.

12 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"	the board of directors of the Company
"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 Stock Exchange of Hong Kong Limited (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"	dicpit9ed servicest9ed d(t9ed hCo96.1C1)]TJ0.021 Tc23.246 Tw 0 -
"	

"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
"HK$" or	

"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 Dividend"	the proposed interim dividend distribution plan of RMB1.8 (tax-inclusive) per 10 Shares for the six months ended June 30, 2025 subject to the approval by the Shareholders at the EGM as described under the section headed "INTERIM DIVIDEND" of this announcement
"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, 2025
"RMB"	the lawful currency of the PRC
"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)
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
"treasury shares"	has the meaning ascribed thereto in the Hong Kong Listing Rules
"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
"%"	percentage ratio

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

Zhejiang, the PRC
August 12, 2025

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. CHAN Sai Keung Hugo.