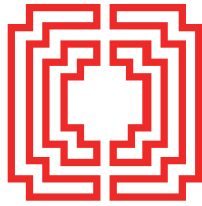


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溫州康寧醫院股份有限公司
Wenzhou Kangning Hospital Co., Ltd.

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

2 FINANCIAL HIGHLIGHTS

2.1 Principal Financial Data and Indicators

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
Revenue	1,619,784	1,654,289
Profit before income tax	69,219	68,099
Income tax expenses	32,615	17,702
Net profit	36,604	50,398
Net profit attributable to Shareholders of the Company	54,396	65,610
Non-controlling interests	-17,792	-15,212
	As at December 31, 2025 (RMB'000)	As at December 31, 2024 (RMB'000)
Total assets	3,025,567	3,004,953
Total liabilities	1,713,937	1,661,651
Total equity	1,311,630	1,343,302
Equity attributable to Shareholders of the Company	1,187,819	1,223,013
Non-controlling interests	123,811	120,289
	For the year ended December 31,	2024 (RMB'000)
	2025 (RMB'000)	2024 (RMB'000)
Net cash generated from operating activities	439,970	99,639
Net cash used in investing activities	-203,913	-172,055
Net cash generated from financing activities	-203,584	-76,917
Net increase in cash and cash equivalents	32,442	-149,491

3 BUSINESS REVIEW AND OUTLOOK

3.1 Business Review

In 2025, with the continuous geopolitical conflicts around the world and the significant increase in competition and uncertainty of the external environment, the domestic medical industry has entered a critical phase in the reform of medical insurance payment as further promoted, the industry competition landscape has continuously restructured, and the social medical service has accelerated to transform into standardization and specialization. Facing this situation, the multiple internal and external pressures are increasing, the group adhered to the development strategy of "psychiatric healthcare as the foundation and general healthcare as the strategic growth outlet", targeting quality and efficiency improvement, operational excellence, and stable operation – to manage business development, risk prevention and control and ongoing rollout, and the overall business maintained stable during the reporting period.

During the reporting period, the group recorded total revenue of RMB1,619.8 million, representing a decrease of 2.1% as compared with 2024. Among them, the revenue from operating hospitals amounted to RMB1,448.7 million, representing a decrease of 4.6% as compared with 2024. During the reporting period, the group's net profit attributable to Shareholders of the Company amounted to RMB54.4 million, representing a decrease of 17.1% as compared with 2024. As of December 31, 2025, the group has 34 operating hospitals (December 31, 2024: 32), including an independent established mental hospital (including the Intensive Psychiatry), and the number of operating beds remained at 11,508 (December 31, 2024: 11,508).

Psychiatric Healthcare Business

Revenue declined under pressure but overall operation stable and controllable

In 2025, under the combination of multiple factors such as the normalization of medical insurance cost control and the rising labor cost of medical staff, revenue from the group's psychiatric healthcare business has declined as compared with the same period last year, and the profitability of the business is under obvious pressure. However, with the increasing regard and for psychiatric healthcare, being a long-term special operation capabilities and good regional brand advantages, the group actively deepened external cooperation through standardization of operation, differentiated positioning, refined management and cost reduction to effectively enhance the performance. The overall operation momentum of the psychiatric healthcare business maintained stable, and its core fundamentals maintained solid.

3.2 Business Highlights

In 2025, guided by an innovation-driven approach, the Group deepened the coordinated development among various industries, and achieved a number of accomplishments in the fields of digital transformation, digital construction and scientific research innovation, and industry synergy, which further enhanced its core competitiveness, and overall presented a sound development trend of "stable" growth foundation, fostering growth drivers, strengthening barriers and optimizing structure.

In terms of digital transformation, the Group promoted high-quality development through digital empowerment, comprehensively upgraded the generation of Hospital Information System electronic medical records and the healthcare and support system, and promoted the "drug traceability code", and launched the pilot application of AI medical records rating and quality control system and medical insurance intelligent supervision system, significantly enhancing the information infrastructure's capabilities in supporting efficient operations and comprehensive management.

In terms of digital construction and scientific research innovation, the Group was approved for 3 projects under Zhongxing's "Top Soldiers (尖兵)", leading to the (领雁)-T 2.00.053 &D e Break

3.3 Business Outlook

The Group's financial position and operating results are mainly subject to the following risks:

- (i) Risk relating to higher insurance amount from public medical insurance. From 2023 to 2025, the insurance amount from public medical insurance accounted for more than 50% of the cash received from sales of goods and rendering of service for the respective years. If the Group's healthcare facilities are unable to maintain the of designated medical insurance institutions in the future, or there are adverse changes on the national public medical insurance policy and scope of treatment of mental diseases and geriatric diseases, the Group's operating results will be affected adversely;
- (ii) Risk relating to shortage of professionals and technicians. Under the laws and regulations of the PRC, healthcare facilities shall maintain a certain number of medical staff. With the increase in the number of healthcare facilities of the Group, we are unable to recruit or maintain adequate medical staff, especially difficulties to provide patients with the desired medical services, which in turn adversely affect our operating results; and
- (iii) Risk relating to failure to obtain qualifications and licenses used for our operations. Healthcare facilities are required to obtain the medical practice licenses for carrying out their businesses, which usually has a valid period and requires regular inspections by the regulator authorities. If the healthcare facilities of the Group are unable to obtain the licenses in the future due to poor management or non-compliance with operation, our operating results will be affected adversely.

Prospect

In 2026, although the uncertain factors in the recovery of the global economy, and normalised price control over domestic medical insurance and pharmaceutical competition continue to bring short-term continuous decline of public healthcare services and the constant deepening of population ageing in China, as a foundation for the long-term growth and the psychotropic healthcare and drug healthcare businesses. Meanwhile, the development of social healthcare is obvious in adhering to the standards, specialization, and brand concentration. Being the first year of the 15th Five-Year Plan, 2026 is an important year for the Group's transformation and development strategy, and the Group adheres to the general principle of "seeking progress while maintaining stability, and making breakthroughs in innovation", and accelerating the transformation of its development model from scale expansion to connotation improvement and efficient operation. The Group continues to uphold the core values of "being sincere and serving the human", staying true to the essence of healthcare services, and pursuing the development of "Specialization and Innovation, Quality Improvement and Efficiency Enhancement". Being a leading enterprise in genetic evaluation operations, the Group sees the development opportunities arising from the thousands of psychotropic healthcare and drug healthcare, and fulfils its responsibilities as a medical practice for the better and healthier healthcare services to the long-term stable value for shareholders.

4 MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Financial Review

The group recorded revenue of ₹ B1,619.8 million during the reporting period, representing a decrease of 2.1% from 2024, of which revenue from the operation of owned hospitals amounted to ₹ B1,448.7 million, representing a decrease of 4.6% from 2024. During the reporting period, the gross profit margin of owned hospitals was 25.8% (2024: 25.9%), and the group's overall gross profit decreased to ₹ B419.1 million, representing a decrease of 4.4% from 2024. Net profit attributable to Shareholders of the Company for the reporting period was ₹ B54.4 million, representing a decrease of 17.1% from 2024. During the reporting period, the group's net cash generated from operating activities was ₹ B440.0 million (2024: ₹ B99.6 million), representing an increase of ₹ B340.3 million from 2024.

4.1.1 Revenue and Cost of Revenue

The group generates revenue mainly through the following three areas: (i) revenue from operating its owned hospitals; (ii) revenue from other healthcare related businesses; and (iii) other revenue not related to healthcare businesses.

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

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
Revenue from operating owned hospitals	1,448,706	1,517,773
Including: Revenue from inpatient services		
Healthcare business	1,019,941	1,055,907
Revenue from other		
Healthcare business	428,765	461,866
Revenue from other healthcare related business	168,501	135,921
Other revenue not related to healthcare business	2,577	595
Total revenue	1,619,784	1,654,289

Revenue and cost of revenue from operating inpatient hospitals

Revenue from operating inpatient 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, as well as variable consideration for medical services provided by the Group, mainly including medical insurance settlement fees.

The table below sets forth a breakdown of the Billing Revenue of the Group's inpatient hospitals attributed to operating revenue by inpatient healthcare business and other healthcare business for the periods indicated:

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)

Billing Revenue from o

During the reporting period, the Group's total hospital billing revenue amounted to RMB1,479.0 million, representing a decrease of 6.5% from 2024, primarily due to the decrease in inpatient day charges in average outpatient spending per visit and average inpatient spending per day period. During the reporting period, the variable cost ratio was RMB30.3 million, representing a decrease of RMB34.0 million from 2024, and the variable cost ratio as a percentage of billing revenue decreased to 2.1% (2024: 4.1%).

The table sets forth a breakdown of the billing revenue, cost of revenue and gross profit of the Group's hospital business by characteristic healthcare business and elderly healthcare business for the periods indicated:

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
Billing Revenue from psychiatric healthcare business	1,047,554	1,107,269
Cost of revenue	712,285	745,959
Gross profit	<u>335,269</u>	<u>361,310</u>
Billing Revenue from elderly healthcare business	431,473	474,785
Cost of revenue	362,640	379,458
Gross profit	<u>68,833</u>	<u>95,327</u>

During the reporting period, the billing revenue of the hospital of the Group amounted to RMB1,479.0 million, representing a decrease of RMB103.0 million from 2024, mainly due to the decrease in billing revenue of Wenzhou Angning Hospital, Eratr Hospital, Longgang Angning Hospital, Guang Changgang Hospital and Beijing Hospital. During the reporting period, the gross profit of the Group's hospital business as a percentage of billing revenue has decreased by 11.5% as compared with that in 2024, mainly due to the decrease in inpatient spending per day period.

The table below sets forth a breakdown of Billing Revenue of the Group's owned hospitals by inpatient and outpatient visits by psychiatric healthcare business and other healthcare business for the periods indicated, the relevant operating data:

Psychiatric healthcare business

	For the year ended December 31,	
	2025	2024
Inpatients		
Inpatient bed days at period end	8,708	8,928
Effective inpatient service bed-day capacity	3,178,420	3,267,648
Occupancy rate (%)	91.4	88.4
Number of inpatient bed-days	2,904,367	2,889,163
Treatment and general healthcare services attributable to inpatients (in RMB'000)	791,185	844,076
Average inpatient spending per bed-day on treatment and general healthcare services (in RMB)	272	292
Pharmaceutical sales attributable to inpatients (in RMB'000)	87,657	89,656
Average inpatient spending per bed-day on pharmaceutical sales (in RMB)	30	31
Total inpatient revenue (RMB'000)	878,842	933,732
Total average inpatient spending per bed-day (RMB)	303	323
Outpatients		
Number of outpatient visits	657,802	474,581
Treatment and general healthcare services attributable to outpatients (in RMB'000)	43,256	45,078
Average outpatient spending per visit on treatment and general healthcare services (in RMB)	66	95
Pharmaceutical sales attributable to outpatients (in RMB'000)	125,456	128,459
Average outpatient spending per visit on pharmaceutical sales (in RMB)	191	271
Total outpatient revenue (RMB'000)	168,712	173,537
Total average outpatient spending per visit (RMB)	257	366

	For the year ended December 31,	
	2025	2024
Total treatment and general healthcare services revenue (RMB'000)	<u>834,441</u>	<u>889,154</u>
Total pharmaceutical sales revenue (RMB'000)	<u>213,113</u>	<u>218,115</u>

During the reporting period, inpatient B ring revenue from the psychiatric business as RMB878.8 million, representing a decrease of 5.9% from 2024, mainly due to the decrease in the growth rate of our hospitals including Wenzhou Angning Hospital, Longgang Angning Hospital, Taizhou Angning Hospital, Quao Cening Hospital and Quannan Angning Hospital, resulting in the decrease in spending per bed per day of the psychiatric inpatient business by 6.2% as compared with the same period in 2024. Inpatient B ring revenue of the psychiatric inpatient business accounted for 83.9% (2024: 84.3%) of the B ring revenue of the psychiatric inpatient business.

During the reporting period, outpatient B ring revenue from the psychiatric inpatient business

Elderly healthcare business

	For the year ended December 31,	
	2025	2024
Inpatients		
Inpatient beds at period end	2,800	2,580
Effective inpatient service bed-day capacity	1,022,000	944,280
Occupancy rate (%)	89.6	96.1
Number of inpatient bed-days	916,061	907,255
Treatment and general healthcare services revenue attributable to inpatients (RMB'000)	316,454	346,074
Average inpatient spending per visit on treatment and general healthcare services (RMB)	346	382
Pharmaceutical sales revenue attributable to inpatients (RMB'000)	92,910	93,599
Average inpatient spending per bed-day on pharmaceutical sales (RMB)	101	103
Total inpatient revenue (RMB'000)	409,364	439,673
Total average inpatient spending per bed-day (RMB)		
	447	485
Outpatients		
Number of outpatient visits	62,353	83,661
Treatment and general healthcare services revenue attributable to outpatients (RMB'000)	9,812	15,632
Average outpatient spending per visit on treatment and general healthcare services (RMB)	157	187
Pharmaceutical sales revenue attributable to outpatients (RMB'000)	12,297	19,480
Average outpatient spending per visit on pharmaceutical sales (RMB)	197	233
Total outpatient revenue (RMB'000)	22,109	35,112
Total average outpatient spending per visit (RMB)		
	355	420
Total treatment and general healthcare services revenue (RMB'000)		
	326,266	361,706
Total pharmaceutical sales revenue (RMB'000)		
	105,207	113,079

During the reporting period, inpatient B n g 'a e n u from the d r h a t h e a r bus a s s amount d to R B409.4 m on, e p r e s n t n g a d o r a s of 6.9% as compar d to 2024, m a n d u to a d o r a s of 7.8% n a e r a g n p a t e n t s p n d n g p r b d p r d a n e s p e c t of the d r h a t h e a r bus a s s at the r a t r c s o s p t a compar d to 2024 d u to ad u s t m e n t s of bus a s s s t r u c t u r . I n p a t e n t B n g 'a e n u from the d r h a t h e a r bus a s s account d for 94.9% (2024: 92.6%) of the B n g 'a e n u from the d r h a t h e a r bus a s s.

During the reporting period, outpatient B n g 'a e n u from the d r h a t h e a r bus a s s amount d to R B22.1 m on, e p r e s n t n g a d o r a s of 37.0% as compar d th 2024, p r m a r d u to the d o r a s of 25.5% n the n u m b e r of outpat e n t v s t s and the d o r a s of 15.5% n the a e r a g outpat e n t s p n d n g p r v s t e s u e d from the d c a d outpat e n t bus a s s of n g a n g C h a n g e n g n n g o s p t a . Outpat e n t B n g 'a e n u from the d r h a t h e a r bus a s s account d for 5.1% (2024: 7.4%) of the B n g 'a e n u from the d r h a t h e a r bus a s s.

During the reporting period, as the inpatient and outpatient s g e n t u n d e r the d r h a t h e a r bus a s s both d c a d, B n g 'a e n u from the a t m e n t s and g e n a r a h a t h e a r s r v e s u n d e r the g r a t r c h a t h e a r bus a s s d o r a s d b 9.8% from 2024, the ts p r o p o r t o n to the B n g 'a e n u from the d r h a t h e a r bus a s s of o n d h o s p t a s d o r a s d to 75.6% (2024: 76.2%), and the B n g 'a e n u from the p h a r m a e u t c a s a e s u n d e r the d r h a t h e a r bus a s s d o r a s d b 7.0% as compar d th 2024, account ng for 24.4% (2024: 23.8%) of the B n g 'a e n u from the d r h a t h e a r bus a s s. I n p a r t c u a r, the p r o p o r t o n of inpat e n t B n g 'a e n u from the p h a r m a e u t c a s a e s to the tota inpat e n t B n g 'a e n u from the d r h a t h e a r bus a s s n o r a s d to 22.7% (2024: 21.3%), and the p r o p o r t o n of outpat e n t B n g 'a e n u from the p h a r m a e u t c a s a e s to the tota outpat e n t B n g 'a e n u from the d r h a t h e a r bus a s s n o r a s d to 55.6% (2024: 55.5%).

Cost of e e n u of the group's o n d h o s p t a s p r m a r c o n s s t d of p h a r m a e u t c a s and c o n s u m a b e s u s d e m p o e e b a f t s a n d e p n e s s, d p r c a t o n and a m o r t z a t o n of o n g e d r a s s t s, c a n t e n e p n e s s and e s t n g d e s. The t a b e b o e t s f o r t h a b e a k d o n of cost of e e n u of the group's o n d h o s p t a s for the p r o d s n d c a t d:

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
h a r m a e u t c a s and c o n s u m a b e s u s d	300,340	340,120
E m p o e e b a f t s a n d e p n e s s	472,192	464,874
I d p r c a t o n and a m o r t z a t o n of o n g e d r a s s t s	105,477	127,032
C a n t e n e p n e s s	67,903	68,571
E s t n g d e s	10,700	16,112
O t h e r s	118,313	108,708
Cost of revenue of owned hospitals	1,074,925	1,125,417

During the reporting period, the cost of revenue of the group's owned hospitals

	For the year ended December 31,	
	2025	2024
Other hospital business	25.8%	25.9%
Service hospital business	30.2%	29.4%
Edr hospital business	15.4%	17.8%
Other business	26.5%	33.7%
Consolidated gross profit margin	25.9%	26.5%

During the reporting period, consolidated gross profit margin of the group decreased to 25.9% (2024: 26.5%).

4.1.3 Tax and Surcharge

During the reporting period, the tax and surcharge of the group amounted to RMB11.2 million (2024: RMB12.3 million), of which hospital property tax of service hospital and property tax as RMB8.1 million.

4.1.4 Selling Expenses

During the reporting period, the selling expenses of the group amounted to RMB7.7 million (2024: RMB10.0 million), mainly representing promotional expenses relating to pharmaceutical companies, Internet hospitals and other non-service hospitals. The proportion of selling expenses to the revenue from operating service hospitals of the group was 0.5% (2024: 0.7%).

4.1.5 Administrative Expenses

During the reporting period, administrative expenses of the group primarily consist of employee benefits and expenses, depreciation and amortization, consumption expenses, traveling expenses and other expenses. The table below sets forth a breakdown of administrative expenses of the group for the periods indicated:

	For the year ended December 31,	
	2025	2024
	(RMB'000)	(RMB'000)
Employee benefits and expenses	140,740	133,002
Depreciation and amortization	31,379	30,792
Consumption expenses	9,423	9,037
Traveling expenses	4,661	4,978
Others	46,903	49,537
Total administrative expenses	233,106	227,346

During the reporting period, the administrative expenses of the group amounted to RMB233.1 million, representing an increase of 2.5% as compared with 2024, which was mainly due to an increase in employee benefits and expenses of 5.8% as compared with 2024. The proportion of the administrative expenses to the revenue from operating service hospitals of the group was 16.1% (2024: 15.0%).

4.1.6 Research and Development Expenses

During the reporting period, the Group's research and development expenses mainly consisted of clinical research, development of information software and construction of Internet hospital platform. The table below sets forth the breakdown of the Group's research and development expenses for the periods indicated:

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
Clinical research	23,313	25,088
Development of information software	5,339	9,827
Construction of Internet hospital platform	1,472	1,604
Total	30,124	36,519

During the reporting period, the Group's research and development expenses amounted to RMB30.1 million (2024: RMB36.5 million), representing a decrease of 17.5% as compared with 2024. The proportion of research and development expenses to the revenue from operating ordinary hospitals of the Group decreased to 2.1% (2024: 2.4%).

4.1.7 Finance Expenses – Net

Our finance income included interest income from bank deposits, and the finance expenses included bank borrowing interest expenses, interest expenses on assets and interest expenses on finance leases. The table below sets forth the breakdown of our finance expenses for the periods indicated:

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
Interest income	-842	-3,123
Foreign exchange losses	30	157
Bank borrowing interest expenses	27,289	33,143
Interest expenses on assets	11,522	8,458
Interest expenses on finance leases	6,942	7,900
Others	1,315	1,058
Finance expenses – net	46,256	47,593

During the reporting period, the net finance expenses of the Group amounted to RMB46.3 million, representing a decrease of RMB1.3 million as compared with 2024, among which bank borrowing interest expenses decreased by RMB5.9 million as compared with 2024, mainly due to lower interest rates of bank borrowing of the Group.

4.1.8 Investment Gains

Our investment gains consist of the share of investment losses/gains accounted for under the cost method and gains on disposal of long-term investments and investment gains in equity method products. The table sets forth the breakdown of our investment gains for the periods indicated:

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
Share of investment losses/gains accounted for under the cost method	-1,464	-1,089
Gains on disposal of long-term investments	4,804	1,844
Investment gains in equity method products	12	-
	<u>3,352</u>	<u>755</u>

4.1.11 Non-Operating Income and Non-Operating Expenses

Our non-operating income mainly consists of government grants and donations received, and our non-operating expenses mainly consist of losses on scrapping of non-current assets, donation expenses, and expenses on medical disputes. The table below sets forth the breakdown of our non-operating income and non-operating expenses for the periods indicated:

	For the year ended December 31,	
	2025 (RMB'000)	2024 (¥ B'000)
Government grants	—	86
Donations received	267	47
Other non-operating income	1,054	1,396
Non-operating income	1,321	1,529
Losses on scrapping of non-current assets	1,373	1,117
Donation expenses	3,070	2,698
Expenses on medical disputes	1,191	2,669
Other non-operating expenses	11,303	2,299
Non-operating expenses	16,937	8,783

During the reporting period, the non-operating income of the Group amounted to ¥ B1.3 million, representing an increase of ¥ B0.2 million as compared to 2024. During the reporting period, the non-operating expenses of the Group increased to ¥ B8.2 million as compared to 2024, mainly due to the increase of ¥ B1.5 million on expenses on medical disputes as compared to 2024 and the increase of ¥ B9.0 million on other non-operating expenses as compared to 2024.

4.1.12 Income Tax Expense

During the reporting period, income tax expense amounted to ¥ B32.6 million (2024: ¥ B17.7 million), representing an increase of 84.3% as compared to 2024. The increase was mainly due to the fact that deferred tax assets were utilized to offset losses or were sold upon maturity. In 2025 and 2024, our effective tax rates were 47.1% and 26.0%, respectively.

4.2 Financial Position

4.2.1 Inventory

As of December 31, 2025, the balance of inventory amounted to ₹ B46.0 million (as of December 31, 2024: ₹ B50.6 million), mainly including the stock of inventory and turnover ratio.

4.2.2 Accounts Receivable

As of December 31, 2025, the balance of accounts receivable amounted to ₹ B462.9 million (as of December 31, 2024: ₹ B571.8 million), representing a decrease of 19.0% as compared with the balance as of December 31, 2024, mainly attributable to the decrease in the amount of receivables in the ending financial accounts as a result of the decrease in the pre-settlement amount due to the change in pre-settlement rates of the stock of new stock settlement rate 0.25 T 0 -1.167 Td (the stock of new stock settlement rate 2.333 Td Dur 0.02

4.2.7 Construction in Progress

As of December 31, 2025, the balance of construction in progress amounted to ₱ B13.1 million (as of December 31, 2024: ₱ B185.2 million). The decrease in construction in progress was mainly due to the transfer upon completion of the construction projects of such long-term ospita and long-term angning ospita.

4.2.8 Right-of-use Assets

As of December 31, 2025, right-of-use assets increased to ₱ B192.4 million (as of December 31, 2024: ₱ B161.8 million).

4.2.9 Intangible Assets

As of December 31, 2025, intangible assets decreased to ₱ B285.8 million (as of December 31, 2024: ₱ B291.5 million).

4.2.10 Goodwill

As of December 31, 2025, goodwill increased to ₱ B126.5 million (as of December 31, 2024: ₱ B114.2 million).

4.2.11 Long-term Prepaid Expenses

As of December 31, 2025, long-term prepaid expenses decreased to ₱ B121.6 million (as of December 31, 2024: ₱ B150.4 million), mainly attributable to the depreciation expenses of ₱ B9.7 million and the amortization of decoration costs of ₱ B38.0 million during the reporting period.

4.2.12 Deferred Tax Assets

As of December 31, 2025, deferred tax assets decreased to ₱ B55.3 million (as of December 31, 2024: ₱ B56.2 million).

4.2.13 Accounts Payable

As of December 31, 2025, accounts payable increased to ₱ B160.8 million (as of December 31, 2024: ₱ B131.9 million).

4.2.14 Receipts in Advance

As of December 31, 2025, receipts in advance and contract liabilities not as of RMB23.3 million (as of December 31, 2024: RMB21.3 million).

4.2.15 Other Payables

As of December 31, 2025, other payables not as of RMB91.9 million (as of December 31, 2024: RMB81.3 million).

4.3 Liquidity and Capital Resources

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

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
Net cash generated from operating activities	439,970	99,639
Net cash used in investing activities	-203,913	-172,055
Net cash generated from financing activities	-203,584	-76,917
Net increase in cash and cash equivalents	<u>32,442</u>	<u>-149,491</u>

4.3.1 Net Cash Generated from Operating Activities

During the reporting period, net cash generated from operating activities amounted to RMB440.0 million, primarily consisting of net profit attributable to the parent company of RMB54.4 million, adjustments of RMB32.0 million for credit impairment losses and asset impairment losses and adjustment of RMB160.8 million for depreciation and amortization of various assets. The cash inflow from change in working capital amounted to RMB165.0 million mainly due to the decrease in accounts receivable balances.

4.3.2 Net Cash Used in Investing Activities

During the reporting period, net cash used in investing activities amounted to RMB203.9 million, primarily due to the amount of RMB189.5 million for purchasing property, plant and equipment, including, among others, the investments in the infrastructure of long-term engineering projects, including engineering projects and infrastructure.

4.3.3 Net Cash Generated from Financing Activities

During the reporting period, net cash generated from financing activities amounted to RMB-203.6 million, of which the cash outflow from dividends distributed to shareholders as RMB34.5 million and the cash outflow from share repurchases used for cancellation as RMB22.4 million.

4.3.4 Significant Investment, Acquisition and Disposal

The group had no significant nest site, acoustics and disposal during the reporting period.

As of the date of this announcement, the group did not receive an explicit plan from the author or from the Board on significant investment or acquisition of capital assets.

4.4 Indebtedness

4.4.1 Bank Borrowings

As of December 31, 2025, the balance of bank borrowings of the group amounted to ₹ B989.2 million (as of December 31, 2024: ₹ B946.2 million), primarily attributable to repayment of borrowings of ₹ B400.6 million and an increase in borrowings of ₹ B443.6 million during the reporting period.

4.4.2 Contingent Liabilities

As of December 31, 2025, the group did not have an contingent liability or guarantee that would have a material impact on the financial position or operation of the group.

4.4.3 Asset Pledge

The group's Wenzhou angn ng osp ta pē dg d th ē ae stat prop rt th ē rt fcat numb r of Wnfang Quanzh ng uch ng D str ct o. 826751, Wnfang Quanzh ng uch ng D str ct o. 826750, Zh (2016) Wnzhou ā a Estat ō ghts o. 0010144, Zh (2016) Wnzhou ā a Estat ō ghts o. 0010142, Zh (2021) Wnzhou ā a Estat ō ghts o. 0081628, Wn uo ong (2015) o. 1-11836, and Wn uo ong (2015) o. 1-11833 to nsh ng Bank Wnzhou ong an Sub-branch, and Zh (2017) Cangnan Count ā a Estat ō ghts o. 0018361 to ICBC Bank Ouha Sub-branch for obta n ng bank oans. As of Dē ub r 31, 2025, th ba ane of such pē dg d borro ngs amount d to ō B385.2 m. uch ng n ng osp ta pē dg d th ē ae stat prop rt th ē rt fcat numb r of Zh (2020) Wnzhou ā a Estat ō ghts o. 0068897 to BOCO Wnzhou Comm. rc a Ct Sub-branch. As of Dē ub r 31, 2025, th ba ane of such pē dg d borro ng amount d to ō B112.0 m. Jn un Shun ng osp ta pē dg d th ē ae stat prop rt th ē rt fcat numb r of Zh (2022) Jn un ā a Estat ō ghts o. 0002503 and th bu d ngs and oth r attach. nts on th ground th ē rt fcat numb r of Jan Z o. 331122202000043 to Zh ang Jn un ōura Comm. rc a Bank Wu un Sub-branch. As of Dē ub r 31, 2025, th ba ane of such pē dg d borro ng amount d to ō B35.0 m. Quzhou n ng osp ta pē dg d th ē ae stat prop rt th ē rt fcat numb r of Zh (2022) Quzhou ā a Estat ō ghts o. 0045588 to Ch na CITIC Bank Wnzhou Branch. As of Dē ub r 31, 2025, th ba ane of such pē dg d borro ng amount d to ō B57.8 m. ong uan angn ng osp ta pē dg d th ē ae stat prop rt th ē rt fcat numb r of Zh (2023) ong uan ā a Estat ō ghts o. 0004112 to Ch na CITIC Bank Wnzhou Branch. As of Dē ub r 31, 2025, th ba ane of such pē dg d borro ng amount d to ō B60.0 m. on.

4.4.4 Lease Liabilities

The lease liabilities of the Group primarily consist of operating lease arrangements. As of December 31, 2025, the present value of unsettled lease payments under non-cancellable lease agreements, after deducting an amount of RMB36.4 million which is due within one year, as RMB148.5 million.

4.4.5 Financial Instruments

Financial instruments of the Group consist of 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 the risks to ensure effective measures are implemented in a timely manner.

4.4.6 Exposure to Fluctuation in Exchange Rates

The Group holds positions of its financial assets in foreign currencies, which may involve risks of fluctuation in the exchange rate of RMB against USD. The Group is therefore exposed to foreign exchange risks.

As of December 31, 2025, the Group did not use any derivative financial instruments to hedge against the position change rate risk. The management of the Company manages the exchange rate risk by closely monitoring the movement of foreign currency rates, and considers hedging against significant foreign currency exposure should such need arise.

4.4.7 Gearing Ratio

As of December 31, 2025, the Group's gearing ratio (total liabilities divided by total assets) increased to 56.6% (as of December 31, 2024: 55.3%).

4.4.8 Employees and Remuneration Policy

As of December 31, 2025, the Group had a total of 5,354 full-time employees (as of December 31, 2024: 4,869 full-time employees). During the reporting period, employees' remuneration (including salaries and other forms of employee benefits) amounted to approximately RMB659.8 million (2024: RMB644.1 million). The average remuneration of our employees amounted to RMB126.9 thousand per year (including pension, social insurance scheme and housing provident fund scheme borne by the Group). The remuneration of an employee is determined according to the salary level in the same industry and the qualifications, experience and performance of such employee.

4.4.8.1 *Equity Incentive Scheme*

In order to further motivate 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 Wengying Hospital Co., Ltd. (the "Equity Incentive Scheme"), which has 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

4.4.8.2 *Share Award and Trust Scheme*

To attract, motivate and retain the skilled and talented core backbone members of the technicians and management – to continuous strive for the continuing operation and development of the Company in the future, in accordance with the requirements of the Company and 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 Share Award and Trust Scheme, which has considered and approved by the 2023 first extraordinary general meeting of the Company convened on September 27, 2023. The scheme is consistent with the interests, capital structure and the interests of the shareholders. The scheme is as follows: 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 Share Award and Trust Scheme, a trust deed has been entered into between the Company and the trustee. The trust has been constituted to serve the Share Award and Trust Scheme. The trustee shall assist the Company in the administration of the Share Award and Trust Scheme and shall, subject to the relevant provisions of the trust deed and upon the instruction of the Company, acquire Shares through on-market transactions and such Shares shall be acquired by the trust through the funds transferred by the Company and shall be held and disposed of by the trustee at the Company's instructions. Such Shares under the 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 Share Award and Trust Scheme is granted or at the date on which the approval of updating the trust 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 the rules of the Share Award and Trust Scheme and the relevant provisions under the trust deed.

Under the Share Award and Trust Scheme, the selected participants (including consolidated persons) of the first actual grant comprised a total of 36 persons, the 364,100 award shares being granted. The selected participants (including consolidated persons) of the second phase of the actual grant comprised a total of 36 persons, the 616,000 new shares being granted. The selected participants (including consolidated persons) of the third phase of the actual grant comprised a total of 52 persons, the 335,000 award shares being granted. As of the date of this announcement, a total of 10 participants had, corresponding to a total of 92,000 award shares. As of the date of this announcement, the selected participants of the actual grant under the Share Award and Trust Scheme comprised 98 persons, and a total of 1,240,100 award shares had been granted, and 12,750 shares had been forfeited. The award shares granted accounted for approximately 1.7615% of the total issued share capital of the Company excluding the Shares purchased but not yet cancelled by 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 SIGNIFICANT EVENTS

5.1 Proposed Final Dividend

The Board has recommended the payment of a proposed Final Dividend. Based on the total share capital including the Shares purchased but not yet cancelled by the Company for the record date determined by the independent auditor of the proposed distribution of profit for the year 2025 (as of the date of this announcement, the Company's total share capital is 72,358,900 Shares. After deducting 1,959,800 Shares purchased but not yet cancelled by the Company, the total issued share capital amounted to 70,399,100 shares), a Shareholders' meeting passed a cash dividend of RMB3.2 (inclusive of tax) per 10 Shares of the Company, the total proposed cash dividend amounting to RMB22,527,712 (inclusive of tax), representing 41.4% of the net profit attributable to shareholders of the parent company as set out in the consolidated statement of accounts for the reporting period (the total amount of net dividend and proposed Final Dividend for 2025 is RMB35,271,550, representing 64.8% of the net profit attributable to shareholders of the parent company as set out in the consolidated statement of accounts for the reporting period). The proposed Final Dividend is denominated and declared in RMB, payable in RMB to holders of Domestic Shares and in USD to holders of Shares. The exchange rate for the proposed Final Dividend payable in USD is the average of the benchmark exchange rates of USD against RMB as announced by the People's Bank of China for the five business days prior to the date of declaration of the proposed Final Dividend (i.e. the date of the annual general meeting of the Company). The proposed distribution of profit for the year 2025 is subject to the consolidated report and approval of the Company at the AGM of the Company.

Subject to the approval of the proposed Final Dividend by the Shareholders at the forthcoming AGM, it is expected that the payment date of the proposed Final Dividend will be no later than July 8, 2026. The Company announces in due course the date of the AGM and the terms of the closure of the register of members of the Shares for the purpose of determining the list of Shareholders entitled to attend and vote at the AGM and to qualify for the proposed Final Dividend.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its implementing regulations, which came into effect on January 1, 2008, the Company is required to withhold and pay on behalf of the Shareholders of non-resident enterprises whose names appear on the register of members of the Company's H-Shares the enterprise income tax at a rate of 10% on the distribution of cash dividends. Any Shares registered in the name of non-individual Shareholders (including in the name of Hong Kong Special Administrative Region Company (collectively referred to, other names, agents or trustees or other organizations or bodies) are regarded as Shares held by non-resident enterprise Shareholders. Accordingly, dividends payable to such Shareholders are subject to withholding corporate income tax. If Shareholders wish to change their status as Shareholders, please contact the nominee or trustee for the relevant procedures. The Company will withhold corporate income tax on behalf of the relevant Shareholders whose names appear on the register of members of the Shares on the Record Date in strict accordance with the law or as required by the relevant government authorities.

If the individual holders of Shares are residents of one or more countries which have entered into the relevant tax agreement with the IRC in respect of the distribution of cash dividends to them at a rate of 10%, the Company shall hold the personal income tax at a rate of 10% on behalf of the relevant Shareholder. If an individual holder of Shares is a resident of a country which has entered into a tax agreement with the IRC at a rate other than 10% on dividends, the Company shall hold the personal income tax at a rate of 10% on behalf of the relevant Shareholder. In such cases, if the relevant individual holder of Shares wishes to apply for a refund of the excess tax withheld as a result of the application of the 10% tax rate, the Company may process the application on behalf of the relevant individual holder in accordance with the relevant pre-emptive tax agreement, provided that the relevant Shareholder submits to Computershare Hong Kong Investor Services Ltd the supporting information as required by the note of the tax agreement. Upon approval by the competent tax authorities, the Company shall assist in refunding the excess tax withheld. If an individual holder of Shares is a resident of a country which has entered into a tax agreement with the IRC that a dividend tax rate higher than 10% but not more than 20%, the Company shall hold and pay on behalf of the individual holder the income tax at the effective tax rate under the relevant tax agreement. If the individual holder of Shares is a resident of a country that has entered into a tax agreement with the IRC that a dividend tax rate of 20%, or a resident of a country in which the IRC has not entered into a tax agreement, or others, the Company shall hold and pay the personal income tax at the rate of 20%.

As of December 31, 2025, no Shareholder has applied or agreed to advance dividends.

6 PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the reporting period, the Share repurchases could have not as a result of a purchase of Shares and/or earnings per Share, which are in the interests of the Company and the Shareholders as a whole, the Company repurchased a total of 2,270,900 Shares for an aggregate consideration of HKD24,515,933.18 on the Hong Kong Stock Exchange (the "Repurchased Shares"). Details of the repurchased Shares are as follows:

Repurchase month	Number of Repurchased Shares	Price paid per Share		Total consideration Share (i)
		Highest	Lowest	

7 REVIEW OF ANNUAL RESULTS

The Audit Committee consists of two independent non-executive Directors, Mr. Zou Wentang (the chairman of the Audit Committee) and Mr. Jiang, and one non-executive Director, Mr. Li Changhao. Among them, Mr. Zou Wentang has the appropriate professional qualification (a Chinese certified public accountant accorded by the Chinese Institute of Certified Public Accountants).

The Audit Committee has reviewed the Group's annual results for the financial year ended December 31, 2025 and opined that applicable accounting standards and requirements have been complied with and that additional disclosures have been made by the Company.

8 COMPLIANCE WITH CG CODE

According to the note on Structured Reporting the Accounting Standards for

Items	For the year ended	
	December 31, 2025	2024
Taxes and surcharges	11,246,125	12,336,886
Shipping and distribution expenses		

Items	For the year ended December 31,	
	2025	2024
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 the measurement of defined benefit plan	-	-
2. Other comprehensive income that cannot be reclassified to profit or loss under the current method	-	-
3. Change in fair value of other equity instruments not available for sale	-	-
4. Change in fair value due to the net present value of non-current 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 current method	-	-
2. Change in fair value of other debt instruments	-	-
3. Amount of financial assets reclassified into other comprehensive income	-	-
4. Credit impairment provisions for other debt instruments	-	-
5. Gains or losses for cash flow hedges	-	-
6. Exchange differences on translation of financial statements in foreign currencies	-	-
7. Others	-	-
Other comprehensive income attributable to non-controlling interests, net of tax	-	-
VII. Total comprehensive income	36,603,923	50,397,711
Attributable to shareholders of the parent company	54,395,980	65,610,189
Attributable to non-controlling interests	-17,792,057	-15,212,477
VIII. Earnings per Share:		
(I) Basic Earnings per Share (元/股)	0.76	0.88
(II) Diluted Earnings per Share (元/股)	0.76	0.88

12.2.2 Annual Consolidated Balance Sheets

(Amounts in Billions of U.S. Dollars)

December 31, 2013

ASSETS	December 31, 2025	December 31, 2024
Due on sale of property	—	—
Goodwill	126,454,938	114,158,434
Long-term prepaid expenses	121,609,291	150,407,031
Deferred tax assets	55,346,816	56,197,545
Other non-current assets	15,514,861	11,233,664
Total non-current assets	2,093,531,524	2,010,231,682
TOTAL ASSETS	3,025,567,371	3,004,953,161
LIABILITIES AND SHAREHOLDERS' EQUITY	December 31, 2025	December 31, 2024
Current liabilities:		
Short-term borrowings	109,243,677	91,000,000
Borrowings from central bank	—	—
Accounts from banks and other financial institutions	—	—
Financial liabilities held for trading	1,805,503	14,000,000
Derivative financial liabilities	—	—
Accounts payable	—	—
Accounts payable	160,803,092	131,936,380
Deposits in advance	23,327,087	21,319,198
Contract liabilities	161,105	49,771
Financial assets sold under repurchase agreements	—	—
Deposit of deposits and deposits from other banks	—	—
Funds received as agent of stock exchange	—	—
Funds received as stock under repurchase	—	—
Employee benefits payable	84,431,493	85,747,297
Taxes payable	35,809,004	39,128,084
Other payables	91,859,119	81,287,433
Fees and commissions payable	—	—
Insurance accounts payable	—	—
Liabilities held for sale	—	—
Non-current liabilities due within one year	201,407,510	229,270,444
Other current liabilities	3,214,867	615,218
Total current liabilities	712,062,458	694,353,825

LIABILITIES AND SHAREHOLDERS' EQUITY	December 31, 2025	December 31, 2024
Non-current liabilities:		
Provisions for insurance contracts	—	—
Long-term borrowings	746,952,957	691,017,337
Bonds payable	—	—
Including: Preferred shares	—	—
Repurchase bonds	—	—
Deferred assets	148,475,651	151,300,063
Long-term payables	47,419,833	76,236,879
Long-term employee benefits payable	—	—
Estimated liabilities	—	—
Deferred income	18,206,515	8,430,307
Deferred tax liabilities	40,820,058	40,313,059
Other non-current liabilities	—	—
Total non-current liabilities	1,001,875,015	967,297,645
Total liabilities	1,713,937,473	1,661,651,470
Shareholders' equity:		
Share capital	72,358,900	72,670,000
Other contributed instruments	—	—
Including: Preferred shares	—	—
Repurchase bonds	—	—
Capital surplus	760,645,327	790,024,238
Less: Treasury stock	47,815,625	22,366,849
Other comprehensive income	—	—
Special reserves	—	—
Surplus reserves	38,399,577	38,399,577
Provisions for guarantees	—	—
Retained earnings	364,230,300	344,285,828
Total attributable to shareholders of the parent company	1,187,818,478	1,223,012,795
Non-controlling interests	123,811,420	120,288,896
Total shareholders' equity	1,311,629,898	1,343,301,691
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,025,567,371	3,004,953,161

12.2.3 Annual Consolidated Statements of Cash Flow

(Amounts in B. uan ure ss oth r s stat d)

Items	For the year ended December 31,	
	2025	2024
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	1,772,490,027	1,387,505,398
Increase in customer deposits and in bank deposits	—	—
Increase in borrowings from the intra bank	—	—
Increase in payable amounts from other financial institutions	—	—
Cash received from foreign insurance contract premium	—	—
Cash received from insurance business	—	—
Increase in deposits and investments from policy holders	—	—
Cash received from interests, fees and commissions	—	—
Increase in payable amounts from banks and other financial institutions	—	—
Increase in cash from purchase business	—	—
Cash received from securities brokerage services	—	—
Fund of taxes and fees	—	—
Cash received relating to other operating activities	73,327,922	46,542,855
Sub-total of cash inflows of operating activities	1,845,817,950	1,434,048,253
Cash paid for goods and services	570,409,686	536,137,779
Increase in customer loans and advances	—	—
Increase in deposits with the intra bank and other banks	—	—
Cash paid for compensation under foreign insurance contract	—	—
Increase in payable amounts with banks and other financial institutions	—	—
Cash paid for interests, fees and commissions	—	—
Cash paid for policy holders' dividends	—	—
Cash paid to and on behalf of employees	664,306,093	642,555,983
Amounts of taxes and surcharges	58,559,038	63,003,045
Cash paid relating to other operating activities	112,573,575	92,712,942
Sub-total of cash outflows of operating activities	1,405,848,392	1,334,409,749
Net cash flows from operating activities	439,969,558	99,638,504

Items	For the year ended December 31,	
	2025	2024
II. Cash flows from investing activities		
Cash received from disposal of investments	14,540,026	34,242,179
Cash received from returns on investments	12,086	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	173,820	1,844,120
Net cash received from disposal of subsidiaries and other businesses	-	2,000,000
Cash received relating to other investing activities	13,000,000	-
Sub-total of cash inflows of investing activities	27,725,932	38,086,299
Cash paid to acquire fixed assets, intangible assets and other long-term assets	189,507,952	192,178,989
Cash paid to acquire investments	1,200,000	17,020,000
Net cash paid for disposals	-	-
Net cash paid to acquire subsidiaries and other businesses	27,901,903	-
Cash paid relating to other investing activities	13,029,193	942,428
Sub-total of cash outflows of investing activities	231,639,048	210,141,417
Net cash flows from investing activities	-203,913,116	-172,055,118
III. Cash flows from financing activities		
Cash received from capital contributions	14,000,000	7,210,500
Including: Cash received from capital contributions by non-controlling shareholders of subsidiaries	14,000,000	7,210,500
Cash received from borrowings	433,102,530	448,460,250
Cash received relating to other financing activities	850,000	60,000,000
Sub-total of cash inflows of financing activities	447,952,530	515,670,750
Cash payments of borrowings	400,626,910	367,013,827
Cash payments for distribution of dividends, profit or net settlements	74,417,907	74,654,124
Including: Cash payments for distribution of dividends and profit by subsidiaries to non-controlling shareholders	1,515,124	2,923,034
Cash paid relating to other financing activities	176,491,833	150,919,617
Sub-total of cash outflows of financing activities	651,536,650	592,587,568
Net cash flows from financing activities	-203,584,120	-76,916,818

Items	For the year ended December 31,	
	2025	2024
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>-30,315</u>	<u>-157,162</u>
V. Net increase in cash and cash equivalents	32,442,007	-149,490,595
Add: Cash and cash equivalents at the beginning of the period	<u>255,232,744</u>	<u>404,723,339</u>
VI. Cash and cash equivalents at the end of the period	<u>287,674,751</u>	<u>255,232,744</u>

12.2.4 Consolidated Statement of Changes in Shareholders' Equity

(Amounts in '000 B. uan unless otherwise stated)

Items	Other equity instruments				Amount for the current period Equity attributable to owners of the parent company								Non – controlling interests	Total owners’ equity
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less:	Other	Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Subtotal		
						Treasury stock	comprehensive income							
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
Use: Change 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. Increase/decrease in the current period (i. – for decrease)	–311,100	–	–	–	–29,378,911	25,448,777	–	–	–	–	19,944,472	–35,194,316	3,522,524	–31,671,793
(Ii) Total comprehensive income	–	–	–	–	–	–	–	–	–	–	54,395,980	54,395,980	–17,792,057	36,603,923
(IIi) Other contribution and capital increase	–311,100	–	–	–	1,564,386	25,448,777	–	–	–	–	–	–24,195,490	25,399,704	1,144,214
1. Common stock contributed by others	–311,100	–	–	–	–2,939,299	25,448,777	–	–	–	–	–	–28,699,175	25,399,704	–3,359,471
2. Capital reserved by holders of other instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Amounts of share-based payments recognized in the current period	–	–	–	–	4,503,685	–	–	–	–	–	–	4,503,685	–	4,503,685
4. Others	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Items	Other equity instruments				Amount for the current period								Non – controlling interests	Total owners’ equity	
	Share capital	Preferred shares	Perpetual bonds	Others	Equity attributable to owners of the parent company										
					Capital reserve	Treasury stock	Less:		Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk			Retained earnings

(III) D s5.021

Units	Other units			Amount for the previous period	
	instruments			Attributable to owners of the parent company	
	Share	Preferred	Perpetual	Capital	Treasury
	capital	shares	bonds	reserves	stock
					preferred

Items	Amount for the previous period														
	Other equity instruments				Equity attributable to owners of the parent company										
	Share capital	Preferred shares	Repurchase bonds	Others	Capital reserve	Essential:			Special reserve	Surplus reserve	Provisions for general risk	Retained earnings	Subtotal	Controlling interests	Total owners' equity
						Treasury stock	Comprehensive income	Other							
(III) Distribution of profits	-	-	-	-	-	-	-	-	-	-	-	-33,280,590	-33,280,590	-2,891,517	-36,172,107
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Withdrawal of provision for general risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Profit distributed to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-	-	-33,280,590	-33,280,590	-2,891,517	-36,172,107
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Income transfer for 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 retirement earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Carry-forward of other comprehensive income for retirement earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Saving for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-35,233,759	-	-	-	-	-	-	-35,233,759	-	-	-35,233,759
IV. Balance at the end of the period	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	

12.3 Notes to the Consolidated Annual Financial Information prepared in accordance with the China Accounting Standard for Business Enterprises

12.3.1 Accounts receivable

The aging analysis of accounts receivable is based on the following dates as follows:

	December 31, 2025 RMB	December 31, 2024 RMB
Within 1 year	461,352,555	576,106,514
1-2 years	25,588,614	20,258,896
2-3 years	8,844,668	4,413,822
Over 3 years	7,368,906	4,766,339
Subtotal	<u>503,154,743</u>	<u>605,545,571</u>
Less: provision for bad debts	40,215,173	33,732,614
Total	<u>462,939,570</u>	<u>571,812,957</u>

Accounts receivable shown by classification of bad debt provisions

	December 31, 2025				
	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	0.00
Including:					
Amount due from patients	15,171,844	3.0	15,171,844	100.0	0.00
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:					
Ordinary grouping	<u>487,982,899</u>	<u>97.0</u>	<u>25,043,329</u>	<u>5.1</u>	<u>462,939,570</u>
Total	<u>503,154,743</u>	<u>100.0</u>	<u>40,215,173</u>	<u>8.0</u>	<u>462,939,570</u>

	December 31, 2024				
	Balance of carrying amount		Provisions for bad debt		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	Amount
Accounts receivable with provisions for bad debts on the individual basis	12,375,106	2.0	12,337,791	99.7	37,315
Including:					
Amount due from patients	12,375,106	2.0	12,337,791	99.7	37,315
Accounts receivable with provisions for bad debts on the grouping basis	593,170,465	98.0	21,394,823	3.6	571,775,642
Including:					
Other data grouping	593,170,465	98.0	21,394,823	3.6	571,775,642
Total	605,545,571	100.0	33,732,614	5.6	571,812,957

12.3.2 Accounts payable

The aging analysis of accounts payable based on the following data is as follows:

	December 31, 2025 RMB	December 31, 2024 RMB
Within 1 year	156,277,715	127,861,415
1-2 years	2,848,067	3,124,362
2-3 years	1,229,010	751,142
Over 3 years	<u>448,301</u>	<u>199,461</u>
Total	<u>160,803,092</u>	<u>131,936,380</u>

12.3.3 Revenue and cost of sales

Analysis of revenue and cost of sales

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Revenue	Cost	Revenue	Cost
main business	1,448,705,601	1,074,924,943	1,517,773,042	1,125,416,715
Other business	<u>171,078,810</u>	<u>125,790,275</u>	<u>136,516,371</u>	<u>90,468,771</u>
Total	<u>1,619,784,411</u>	<u>1,200,715,218</u>	<u>1,654,289,413</u>	<u>1,215,885,486</u>

Breakdown of revenue:

	For the year ended December 31,	
	2025	2024
Revenue from main business	1,448,705,601	1,517,773,042
Including: pharmaceutical sales	304,326,145	331,193,218
Treatments and general healthcare services	1,144,379,456	1,186,579,824
Revenue from other business	171,078,810	136,516,371
Including: Wholesale and retail of pharmaceuticals and parent	107,370,317	90,137,875
analogous services	2,368,851	2,970,297
financial income	2,577,689	595,122
and other services	36,811,653	16,136,947
Others	21,950,300	26,676,130
Total	1,619,784,411	1,654,289,413

12.3.4 Credit impairment losses

	For the year ended December 31,	
	2025	2024
losses on bad debts of accounts receivable	14,485,650	19,116,072
losses on bad debts of other receivables	-7,900,776	7,338,926
Total	6,584,873	26,454,998

12.3.5 Earnings per Share

Basic earnings per Share

	For the year ended December 31,	
	2025	2024
Consolidated net profit attributable to the ordinary shareholders of the parent company	54,395,980	65,610,189
Weighted average number of outstanding ordinary Shares of the Company	71,953,133	74,278,583
Basic earnings per Share	0.76	0.88
Including: Basic earnings per Share from continuing operations	0.76	0.88
Basic earnings per Share from discontinued operations	—	—

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	For the year ended December 31,	
	2025	2024
Conso dat d a t prof t attr butabe to th ord nar shar ho d rs of th par nt coupan (d ut dj	54,395,980	65,610,189
W gh d a rag nuub r of outstand ng ord nar Shar s of th Coupan (d ut dj	71,953,133	74,278,583
D ut de arn ngs p r Shar	0.76	0.88
Inc ud ng: D ut de arn ngs p r Shar from		
cont nu ng op rat ons	0.76	0.88
D ut de arn ngs p r Shar from		
d scont na d op rat ons	—	.

12.3.6 Income tax expenses

Tab e of nco.e ta e p ns s

	For the year ended December 31,	
	2025	2024
Curre nt nco.e ta e p ns s	29,205,810	35,746,101
De f r d nco.e ta e p ns s	3,409,292	-18,044,326
Total	<u>32,615,101</u>	<u>17,701,775</u>

Impact on before tax profit and income tax expense

	For the year ended December 31,	
	2025	2024
Total profit	<u>69,219,025</u>	<u>68,099,487</u>
Income tax expense calculated at the statutory rates	10,382,854	13,700,455
Impact of different tax rates applicable to subsidiaries	7,485,630	-43,611
Adjustment to impact of income tax of past periods	-1,844,266	1,468,471
Impact of non-taxable income	568,437	-
Impact of non-deductible costs, expenses and losses	3,163,935	6,053,711
Impact of deductible losses of the deferred income tax assets unrecognized in the previous period	-7,294,445	-12,352,475
Impact of deductible unreported expenses or deductible losses for which deferred income tax assets are not recognized in the current period	25,822,435	16,429,655
Addtional deduction of research and development expenses	-4,497,890	-5,605,853
Impact of business combination involving entities not under common control	-1,171,588	-10,362
Others	<u>-</u>	<u>-1,938,216</u>
Income tax expense	<u><u>32,615,101</u></u>	<u><u>17,701,775</u></u>

12.3.7 Dividend

On March 23, 2026, the Board proposed a cash dividend of RMB3.2 (net us\$ of ta\$ per 10 Shares) to all Shareholders of the Company, based on the total share capital for the record date determined by the supermajority of the proposed distribution of profit for the year 2025 including the number of Shares purchased but not yet canceled by the Company. As of the date of this announcement, the Company's total share capital is 72,358,900 Shares. After deducting 1,959,800 Shares purchased but not yet canceled by the Company, the total cash dividend proposed for distribution is provisionally RMB22,527,712 (net us\$ of ta\$). The proposed dividend is subject to approval at the extraordinary general meeting.

On August 12, 2025, the Board proposed an interim dividend of RMB13,024,602 (net us\$ of ta\$) to all Shareholders of the Company for the six months ended June 30, 2025, calculated on the basis of the total share capital of 72,358,900 Shares for the record date determined by the supermajority of the 2025 interim profit distribution plan. The proposed dividend was approved at the first extraordinary general meeting for the year 2025 of the Company on October 15, 2025.

On March 28, 2025, the Board proposed a final dividend of RMB3 (net us\$ of ta\$ per 10 Shares) to all Shareholders of the Company for the year ended December 31, 2024, totaling RMB21,801,000 (net us\$ of ta\$), calculated on the basis of 72,670,000 Shares of the Company in issue as at December 31, 2024. The proposed dividend was approved at the annual general meeting for the year 2024 of the Company held on June 30, 2025.

13 DEFINITIONS

“Annual General Meeting”	the annual general meeting of the Company for the year 2025 to be convened during the course
“Audit Committee”	the audit committee of the Board
“Beijing Ningning Hospital”	Beijing Ningning Hospital Co., Ltd. (北京怡寧醫院有限公司), a company established in the PRC the independent 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 Angneng Hospital”	Wenzhou Angneng Hospital Co., Ltd., a joint stock limited liability company established under the laws of the PRC, the Shares of which are listed on the Shanghai Stock Exchange of Hong Kong Limited (Stock Code: 2120)
“CC Code”	the Corporate Ownership 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, the 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 an stock exchange
Group–or Entity–or our–	the Company and its subsidiaries
Share (s)–	whereas listed foreign listed ordinary Share (s) in the ordinary share capital of the Company, the nominal value of RMB1.00 each, listed on the Shanghai Stock Exchange of Hong Kong Limited
\$–or USD–	the functional 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
Hong Kong Stock Exchange–	The Stock Exchange of Hong Kong Limited
Huainan Kangning Hospital–	Huainan Kangning Hospital Co., Ltd. (淮南康寧醫院有限公司), a company established in the PRC the Limited liability company on September 22, 2017, one of the Company's indirect non-wholly owned subsidiaries
Jinun Shunning Hospital–	Jinun Shunning Hospital Co., Ltd. (縉雲舒寧醫院有限公司), a company established in the PRC the Limited liability company on February 15, 2019, one of the Company's non-wholly owned subsidiaries
Lóngquán Kangning Hospital–	Lóngquán Kangning Hospital Co., Ltd. (龍泉康寧醫院有限公司), a company established in the PRC the Limited liability company on February 6, 2023, one of the Company's indirect wholly owned subsidiaries
Wenzhou Yichang Hospital–	Wenzhou Yichang Hospital Co., Ltd. (溫州鹿城怡寧醫院有限公司), a company established in the PRC the Limited liability company on April 2, 2020, one of the Company's direct non-wholly owned subsidiaries
Yantai City Kangning Hospital–	Taizhou Yantai City Kangning Hospital Co., Ltd. (台州市路橋慈寧醫院有限公司, previously known as Taizhou Yantai City Kangning Hospital Co., Ltd. (台州市路橋怡寧醫院有限公司)), a company established in the PRC the Limited liability company on December 12, 2016, one of the Company's indirect non-wholly owned subsidiaries

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Hospital –

“ 寧 心 互 聯 網 醫 院 有 限 公 司 ”
Int ra t osp ta –

寧 心 互 聯 網 醫 院 有 限 公 司 (W nzhou Co.,
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p re ntag rat o

B Ord r of th Board
Wenzhou Kangning Hospital Co., Ltd.
GUAN Weili
Cha rman

Zhang, th C
arch 23, 2026

As of th dat of th s announ e nt, th Compan ’s e cut e D ctors ar r. A W , s.
WA an a and r. WA Jan; th none e cut e D ctors ar r. QI ao and r. I
Changhao; and th nd p nd nt none e cut e D ctors ar s. Z O W ntang, s. JI ng
and r. C A Sa e ung ugo.