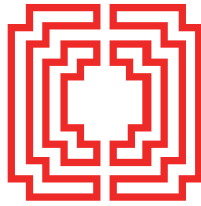


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溫州康寧醫院股份有限公司

Wenzhou Kangning Hospital Co., Ltd.

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

## 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
Profit	36,604	50,398
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
	2025 (RMB'000)	(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 domestic 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 company has actively responded to the external pressures and, through the group's addition 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 management – to manage business development, risk prevention and control and long-term layout, and the overall business has maintained stable during the reporting period.

During the reporting period, the group's 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 stable shared mental hospital (including the Inpatient Hospital), and the number of operating beds reached 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, the 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 demand for psychiatric healthcare, the emerging mature specialization operation capabilities and good regional brand advantages, the group actively deepens the impact through standardization operation, differentiated positioning, and efficient management and cost reduction to enhance the overall performance. The overall operation of the psychiatric healthcare business has maintained stability, and its core fundamentals have remained solid.



### 3.2 Business Highlights

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

In the field 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 systems, and promoted the “drug traceability code”, and launched the pilot application of AI medical records rating and quality control systems and medical insurance intelligent supervision systems, significantly enhancing the information infrastructure’s capabilities in supporting clinical operations and comprehensive management.

In the field of discipline construction and scientific research innovation, the Group was approved for 3 projects under Zhongyuan Province’s “Top Soldiers (尖兵)”, “Leading Geese (领雁)” and “R&D Breakthrough Program”; the “China’s Attainment of the Practical Distinguished” was selected as the first batch of “Solid but Strong” construction and innovation teams in Zhongyuan Province, the 22 national diagnosis and treatment technology/projects were added, 45 SCI papers were published, and 1 international patent was granted throughout the year.

In the field of industrial upgrading, Zhongyuan Pharmaceutical Technology Co., Ltd., a subsidiary of the Group, was awarded as a Zhongyuan Province Special and Sophisticated Enterprises and a “Leading Enterprises” in the industry, successively achieved along Zhongyuan Pharmaceutical Co., Ltd. and Zhongyuan Pharmaceutical Technology Co., Ltd., both being our subsidiaries, and other industrial sectors, gradually building a diversified support system in the pharmaceutical industry, information, psychology services, and forming a network out of industrial promotion of the healthcare sector and the industry.

### 3.3 Business Outlook

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

- (i) Risk relating to high reimbursement amount from public medical insurance. From 2023 to 2025, reimbursement 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 certain diseases and general insurance, the Group's operating results will be affected adversely;
- (ii) Risk relating to shortage of professional medical talents. 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 face 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 required 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 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-compliant operation, our operating results will be affected adversely.

#### Prospect

In 2026, although the uncertainties in the global economy, and normalised price control over domestic medical insurance and fierce industry competition continue in the short term, the continuous change of public health affairs and the constant deepening of population ageing in China are a foundation for the long-term growth and the psychotropic healthcare and other healthcare businesses. Meanwhile, the direction of social healthcare is obvious heading towards standardization, 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 accelerates 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 touch", steadfastly to the essence of healthcare services, and pursue the direction of "Specialization and Innovation, Quality Improvement and Efficiency Enhancement". Being a leading general practitioner operation, the Group sees the development opportunities arising from the trends of psychotropic healthcare and other healthcare, and further strengthens its position as a medical practice for the better and overall healthcare services to create long-term stable value for shareholders.

## 4 MANAGEMENT DISCUSSION AND ANALYSIS

### 4.1 Financial Review

The group recorded expense of ₱ B1,619.8 million during the reporting period, representing a decrease of 2.1% from 2024, of which expense from the operation of our hospitals amounted to ₱ B1,448.7 million, representing a decrease of 4.6% from 2024. During the reporting period, the gross profit margin of our 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 hospitals; (ii) revenue from other health care related businesses; and (iii) other revenue not related to health care businesses.

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

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

Revenue and cost of revenue from operating hospitals

Revenue from operating 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 cases, as well as variable considerations for medical cases provided by the Group, mainly including medical case insurance settlement fees.

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

	<b>For the year ended December 31,</b>	
	<b>2025</b>	2024
	<b>(RMB'000)</b>	<b>(¥ B'000)</b>

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 days and the decrease in average outpatient spending per visit and average inpatient spending per day. During the reporting period, the variable cost ratio as 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 total hospital services by strategic healthcare business and other healthcare business for the periods indicated:

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

During the reporting period, the billing revenue from total hospitals 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, Gong'an Angning Hospital, Ningbo Changning Hospital and Beijing Hospital. During the reporting period, the gross profit of the Group's total hospitals increased by RMB11.5% as compared with that in 2024, mainly due to the decrease in inpatient spending per day.

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

**Psychiatric healthcare business**

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

**For the year ended  
December 31,  
2025**                      2024

<b>Total treatment and general healthcare services revenue (RMB'000)</b>	<b>834,441</b>	889,154
<b>Total pharmaceutical sales revenue (RMB'000)</b>	<b>213,113</b>	218,115

During the reporting period, inpatient BCG revenue from the psychiatric business as RMB878.8 million, representing a decrease of 5.9% from 2024, mainly due to the decline in the growth rate of our hospitals including Wenzhou Angheng Hospital, Songshan Angheng Hospital, Taizhou Angheng Hospital, Liaocheng Hospital and Liaonan Angheng Hospital, and the significant decrease in spending per bed per day of the psychiatric hospital business by 6.2% as compared with the same period in 2024. Inpatient BCG revenue of the psychiatric hospital business accounted for 83.9% (2024: 84.3%) of the BCG revenue of the psychiatric hospital business.

During the reporting period, outpatient BCG revenue from the psychiatric hospital

## Elderly healthcare business

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

During the reporting period, inpatient Bedside Revenue from the dedicated hospital-based business amounted to RMB409.4 million, representing a decrease of 6.9% as compared to 2024, mainly due to a decrease of 7.8% in average inpatient spending per bed per day in respect of the dedicated hospital-based business at the respective hospitals compared to 2024 due to adjustments of business structure. Inpatient Bedside Revenue from the dedicated hospital-based business accounted for 94.9% (2024: 92.6%) of the Bedside Revenue from the dedicated hospital-based business.

During the reporting period, outpatient Bedside Revenue from the dedicated hospital-based business amounted to RMB22.1 million, representing an increase of 37.0% as compared to 2024, primarily due to the decrease of 25.5% in the number of outpatient visits and the decrease of 15.5% in the average outpatient spending per visit offset from the decrease in outpatient business of King Chang Hospital. Outpatient Bedside Revenue from the dedicated hospital-based business accounted for 5.1% (2024: 7.4%) of the Bedside Revenue from the dedicated hospital-based business.

During the reporting period, as the inpatient and outpatient segments under the dedicated hospital-based business both declined, Bedside Revenue from tertiary hospitals and general hospitals services under the general hospital-based business decreased by 9.8% from 2024, their proportion to the Bedside Revenue from the dedicated hospital-based business of owned hospitals decreased to 75.6% (2024: 76.2%), and the Bedside Revenue from pharmaceutical sales under the dedicated hospital-based business decreased by 7.0% as compared to 2024, accounting for 24.4% (2024: 23.8%) of the Bedside Revenue from the dedicated hospital-based business. In particular, the proportion of inpatient Bedside Revenue from pharmaceutical sales to the total inpatient Bedside Revenue from the dedicated hospital-based business increased to 22.7% (2024: 21.3%), and the proportion of outpatient Bedside Revenue from pharmaceutical sales to the total outpatient Bedside Revenue from the dedicated hospital-based business increased to 55.6% (2024: 55.5%).

Cost of Revenue of the Group's owned hospitals primarily consisted of pharmaceutical sales and consumables used, employee benefits and pensions, depreciation and amortization of long-term assets, canteen pensions and staffing fees. The table below sets forth a breakdown of cost of Revenue of the Group's owned hospitals for the periods indicated:

	<b>For the year ended December 31,</b>	
	<b>2025 (RMB'000)</b>	<b>2024 (RMB'000)</b>
Pharmaceutical sales and consumables used	<b>300,340</b>	340,120
Employee benefits and pensions	<b>472,192</b>	464,874
Depreciation and amortization of long-term assets	<b>105,477</b>	127,032
Canteen pensions	<b>67,903</b>	68,571
Staffing fees	<b>10,700</b>	16,112
Others	<b>118,313</b>	108,708
<b>Cost of revenue of owned hospitals</b>	<b><u>1,074,925</u></b>	<b><u>1,125,417</u></b>

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

	<b>For the year ended December 31,</b>	
	<b>2025</b>	2024
Ordinary business	<b>25.8%</b>	25.9%
Service business	<b>30.2%</b>	29.4%
Education business	<b>15.4%</b>	17.8%
Other business	<b>26.5%</b>	33.7%
<b>Consolidated gross profit margin</b>	<b><u>25.9%</u></b>	<b><u>26.5%</u></b>

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 housing property tax of service and properties 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 promotion expenses relating to pharmaceutical companies, Internet hospitals and other non-ordinary hospitals. The proportion of selling expenses to the revenue from operating ordinary 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, travel expenses and other expenses. They take into account a breakdown of administrative expenses of the group for the periods indicated:

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

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 ordinary 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 contract 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)
Contract research	23,313	25,088
Development of information software	5,339	9,827
Construction of Internet hospital platform	1,472	1,604
<b>Total</b>	<b>30,124</b>	<b>36,519</b>

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 net income from bank deposits, and the finance expense included bank borrowing net expense, net expense on lease assets and net expense on finance leases. The table below sets forth the breakdown of our finance expense 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 net expense	27,289	33,143
Interest expense on lease assets	11,522	8,458
Interest expense on finance leases	6,942	7,900
Others	1,315	1,058
<b>Finance expenses – net</b>	<b>46,256</b>	<b>47,593</b>

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

### 4.1.8 Investment Gains

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

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2025</b>	2024
	<b>(RMB'000)</b>	<b>(¥ B'000)</b>
Share of net investment losses/gains accounted for under the cost method	<b>-1,464</b>	-1,089
Gains on disposal of long-term investments	<b>4,804</b>	1,844
Net investment gains in real estate management products	<b>12</b>	.
	<b>3,352</b>	755

#### 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 supplies. The table below sets forth the breakdown of our non-operating income and non-operating expenses for the periods indicated:

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2025</b>	2024
	<b>(RMB'000)</b>	<b>(¥ B'000)</b>
Government grants	-	86
Donations received	<b>267</b>	47
Other non-operating income	<b>1,054</b>	1,396
<b>Non-operating income</b>	<b>1,321</b>	1,529
Losses on scrapping of non-current assets	<b>1,373</b>	1,117
Donation expenses	<b>3,070</b>	2,698
Expenses on medical supplies	<b>1,191</b>	2,669
Other non-operating expenses	<b>11,303</b>	2,299
<b>Non-operating expenses</b>	<b>16,937</b>	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 supplies 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 is mainly due to the fact that deferred tax assets were utilized to offset losses or were reduced upon maturity. In 2025 and 2024, our effective tax rates were 47.1% and 26.0%, respectively.



#### **4.2.7 Construction in Progress**

As of December 31, 2025, the balance of construction in progress amounted to ₹ 13.1 million (as of December 31, 2024: ₹ 185.2 million). The decrease in construction in progress is mainly due to the transfer upon completion of the construction projects of such long-term operating and long-term engineering assets.

#### **4.2.8 Right-of-use Assets**

As of December 31, 2025, right-of-use assets were ₹ 192.4 million (as of December 31, 2024: ₹ 161.8 million).

#### **4.2.9 Intangible Assets**

As of December 31, 2025, intangible assets were ₹ 285.8 million (as of December 31, 2024: ₹ 291.5 million).

#### **4.2.10 Goodwill**

As of December 31, 2025, goodwill was ₹ 126.5 million (as of December 31, 2024: ₹ 114.2 million).

#### **4.2.11 Long-term Prepaid Expenses**

As of December 31, 2025, long-term prepaid expenses were ₹ 121.6 million (as of December 31, 2024: ₹ 150.4 million), mainly attributable to the depreciation expenses of ₹ 9.7 million and the amortization of decoration costs of ₹ 38.0 million during the reporting period.

#### **4.2.12 Deferred Tax Assets**

As of December 31, 2025, deferred tax assets were ₹ 55.3 million (as of December 31, 2024: ₹ 56.2 million).

#### **4.2.13 Accounts Payable**

As of December 31, 2025, accounts payable were ₹ 160.8 million (as of December 31, 2024: ₹ 131.9 million).

#### 4.2.14 Receipts in Advance

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

#### 4.2.15 Other Payables

As of December 31, 2025, other payables not ascribed to 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:

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

#### 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 operating assets, including operating assets and non-current operating assets.

#### 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 investment, acquisition and disposal during the reporting period.

As of the date of this announcement, the Group did not receive an specific plan from the authorisation 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 RMB989.2 million (as of December 31, 2024: RMB946.2 million), primarily attributable to repayment of borrowings of RMB400.6 million and an increase in borrowings of RMB443.6 million during the reporting period.

### 4.4.2 Contingent Liabilities

As of December 31, 2025, the Group did not have any 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 Angning Hospital pledged real estate property (the certificate number of Wenzhou Quanting District No. 826751, Wenzhou Quanting District No. 826750, Zhejiang (2016) Wenzhou Real Estate Rights No. 0010144, Zhejiang (2016) Wenzhou Real Estate Rights No. 0010142, Zhejiang (2021) Wenzhou Real Estate Rights No. 0081628, Wenzhou (2015) No. 1-11836, and Wenzhou (2015) No. 1-11833 to Nansheng Bank Wenzhou Long'an Sub-branch, and Zhejiang (2017) Cangnan County Real Estate Rights No. 0018361 to ICBC Bank Ouha Sub-branch for obtaining bank loans. As of December 31, 2025, the balance of such pledged borrowings amounted to RMB385.2 million. Wenzhou Quanting District No. 0068897 to BOCO Wenzhou Commercial City Sub-branch. As of December 31, 2025, the balance of such pledged borrowing amounted to RMB112.0 million. Jinhun Shun Hospital pledged real estate property (the certificate number of Zhejiang (2022) Jinhun Real Estate Rights No. 0002503 and the buildings and other attachments on the ground (the certificate number of Jian Zhen No. 331122202000043 to Zhejiang Jinhun Rural Commercial Bank Wuyun Sub-branch. As of December 31, 2025, the balance of such pledged borrowing amounted to RMB35.0 million. Quzhou Angning Hospital pledged real estate property (the certificate number of Zhejiang (2022) Quzhou Real Estate Rights No. 0045588 to China CITIC Bank Wenzhou Branch. As of December 31, 2025, the balance of such pledged borrowing amounted to RMB57.8 million. Long'an Angning Hospital pledged real estate property (the certificate number of Zhejiang (2023) Long'an Real Estate Rights No. 0004112 to China CITIC Bank Wenzhou Branch. As of December 31, 2025, the balance of such pledged borrowing amounted to RMB60.0 million.

#### **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 undisputed lease payments under non-cancelable lease agreements, after deducting an amount of B36.4 million which is due within one year, as B148.5 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 use of financial instruments.

#### **4.4.6 Exposure to Fluctuation in Exchange Rates**

The Group's exposure to fluctuations in financial assets in foreign currencies, which mainly involve risks of fluctuation in the exchange rate of USD against B. 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 potential exchange 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 exposures should such 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 B659.8 million (2024: B644.1 million). The average remuneration of core employees amounted to B126.9 thousand per year (including pensions, social insurance scheme and housing provident fund scheme borne by the Group). Remuneration of an employee is determined to be fair to the market 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 Wanganng 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 asset-liability and 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 best and brightest, core backbone members of the channels and management – to continuously strive for the continuous operation and development of the Company in the future, in accordance with the interests 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. Pursuant to the contract with the service providers, capital deduction and after-tax share 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 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 transferred and disposed of by the trustee at the Company's instructions. Such Shares underlying 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 terms of the Share Award and Trust Scheme and other 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, with 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, with 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, with 335,000 award shares being granted. As of the date of this announcement, a total of 10 participants held, 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 excluding 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 will pay 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 will be distributed 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 consideration 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 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's dividend is used 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 A-Shareholders the enterprise income tax at a rate of 10% on the distribution of cash dividends. An A-Shareholder registered in the name of non-resident Shareholders (including in the name of long-term Sincere Careng Company (limited liability), other non-residents, agents or trustees or other organizations or bodies) will be regarded as Shareholders of non-resident enterprises 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 non-resident 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 used by the relevant government authorities.

If the dividend holders of Shares are residents of any country or 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 pay a dividend to the dividend holders at a rate of 10% on behalf of the relevant Shareholders. If an individual holder of Shares is a resident of a country which has entered into a tax agreement with the IRC at a tax rate other than 10% on dividends, the Company shall pay a dividend to the dividend holder 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 used by the notice of the tax agreement. Upon approval by the competent tax authorities, the Company may assist in funding 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 withhold and pay on behalf of the dividend holder 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 withhold and pay a dividend to the dividend holder at the rate of 20%.

As of December 31, 2025, no Shareholders have applied or agreed to a dividend.

## 6 PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the reporting period, the Share repurchases could have occurred as a result of a purchase of Shares and/or earnings per Share, which are 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 USD24,515,933.18 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 (j)
		Highest	Lowest	

## 7 REVIEW OF ANNUAL RESULTS

The Audit Committee consists of two independent non-executive Directors, i.e. Z O Wntang (the chairman of the Audit Committee) and s. Ji ng, and one non-executive Director, i.e. I Changhao. Among them, s. Z O Wntang has the appropriate professional qualification (a Chartered Certified public accountant accredited by the Chartered Institute of Certified 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 accounting treatments have been complied with and that adjusted disclosures have been made by the Company.

## 8 COMPLIANCE WITH CG CODE

During the reporting period and up to the date of this announcement, the Company has complied with all applicable provisions in the Code.

## 9 COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as a code of conduct of the Company for its Directors' and Supervisors' securities transactions in the Company. Having read specifically in view of a Director and Supervisor of the Company, the Directors and the Supervisors of the Company have complied with the requirements set out in the Model Code during the reporting period.

## 10 EVENTS AFTER THE REPORTING PERIOD

Refer to the announcements of the Company dated February 5, 2026 and March 2, 2026 (the "Announcements"), in respect of which, to the best of the knowledge, information and belief of the Board of the Company, the public float of the Company is approximately 24.11%, which falls below the requirements of Rule 8.08 and Rule 19A.28B of the ongoing listing rules that at least 25% (the "Minimum Prescribed Percentage") of the total issued shares of the Company must be held by the public.

As stated in the Announcements, the Company has submitted an application to the CSRC as at August 21, 2025 in respect of the conversion of 9,286,359 domestic Shares into Shares of the Company. Upon completion of the full reculation of Shares, the Company will meet the minimum requirement.

The Company continues to monitor the issue of insufficient public float and will make monthly announcements in accordance with the ongoing listing rules to keep Shareholders and the market informed of the progress made in restoring the public float.

In addition to the above, there are no significant subsequent events occurred to the Group since the end of the reporting period to the date of this announcement.

## 11 AUDITORS AND WORKING SCOPE

The consolidated financial statements of the Group for 2025, which have been prepared in accordance with China Accounting Standards for Business Enterprises have been audited by BDO, who has issued a standard audit report with unqualified opinions on the consolidated financial statements.



According to the Code on Structure and Content of the Accounting Standards for

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

**For the year ended  
December 31,  
2025**

2024

**Items**

**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 classified to profit and loss

1. Changes arising from the measurement of defined benefit plan -
2. Other comprehensive income that cannot be classified to profit or loss under the equity method -
3. Changes in fair value of other equity instruments -
4. Changes in fair value due to the net present value of risk -

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

1. Other comprehensive income that can be classified to profit or loss under the equity method -
2. Changes in fair value of other debt instruments -
3. Amount of financial assets classified 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**

Attributable to shareholders of the parent company

Attributable to non-controlling interests

	36,603,923	50,397,711
	54,395,980	65,610,189
	<b>-17,792,057</b>	<b>-15,212,477</b>

**VIII. Earnings per Share:**

(I) Basic Earnings per Share (Basic EPS)

(II) Diluted Earnings per Share (Diluted EPS)

	0.76	0.88
	0.76	0.88

**12.2.2 Annual Consolidated Balance Sheets**

(Amounts in Billions of Dollars)

December 31, 2013

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

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

### 12.2.3 Annual Consolidated Statements of Cash Flow

(Amounts in B. Yuan unless otherwise stated)

Items	For the year ended December 31,	
	2025	2024
<b>I. Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	1,772,490,027	1,387,505,398
increase in customer deposits and other bank deposits	-	-
increase in borrowings from interbank	-	-
increase in payments from other financial institutions	-	-
Cash received from reinsurance contracts	-	-
increase in reinsurance business	-	-
increase in deposits and investments from policyholders	-	-
Cash received from interests, fees and commissions	-	-
increase in payments from banks and other financial institutions	-	-
increase in cash from purchases of business	-	-
increase in cash from securities brokerage services	-	-
fund of taxes and fees	-	-
Cash received from other operating activities	73,327,922	46,542,855
<b>Sub-total of cash inflows of operating activities</b>	<b>1,845,817,950</b>	<b>1,434,048,253</b>
Cash paid for goods and services	570,409,686	536,137,779
increase in customer loans and advances	-	-
increase in deposits with interbank and other banks	-	-
Cash paid for compensation under reinsurance contracts	-	-
increase in payments to 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	664,306,093	642,555,983
taxes and surcharges	58,559,038	63,003,045
Cash paid from other operating activities	112,573,575	92,712,942
<b>Sub-total of cash outflows of operating activities</b>	<b>1,405,848,392</b>	<b>1,334,409,749</b>
<b>Net cash flows from operating activities</b>	<b>439,969,558</b>	<b>99,638,504</b>

Items	For the year ended December 31,	
	2025	2024
<b>II. Cash flows from investing activities</b>		
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	.
<b>Sub-total of cash inflows of investing activities</b>	<b>27,725,932</b>	<b>38,086,299</b>
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 acquisitions	-	.
Net cash paid to acquire subsidiaries and other businesses	27,901,903	.
Cash paid relating to other investing activities	13,029,193	942,428
<b>Sub-total of cash outflows of investing activities</b>	<b>231,639,048</b>	<b>210,141,417</b>
<b>Net cash flows from investing activities</b>	<b>-203,913,116</b>	<b>-172,055,118</b>
<b>III. Cash flows from financing activities</b>		
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
<b>Sub-total of cash inflows of financing activities</b>	<b>447,952,530</b>	<b>515,670,750</b>
Cash payments of borrowings	400,626,910	367,013,827
Cash payments for dividend payments, profit or net share payments	74,417,907	74,654,124
Including: Cash payments for dividend payments 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
<b>Sub-total of cash outflows of financing activities</b>	<b>651,536,650</b>	<b>592,587,568</b>
<b>Net cash flows from financing activities</b>	<b>-203,584,120</b>	<b>-76,916,818</b>

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

## 12.2.4 Consolidated Statement of Changes in Shareholders' Equity

(Amounts in B. Yuan unless otherwise stated)

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				Surplus reserve	Provision for general risk	Retained earnings	Subtotal		
					Capital reserve	Treasury stock	Less: comprehensive income	Other reserve						
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
Adjustments:														
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) Increase/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 transfers	-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				Surplus reserve	Provision for general risk	Retained earnings	Subtotal		
					Capital reserve	Treasury stock	Less: comprehensive income	Other Special reserve						

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Other instruments				Amount for the previous period	
				Eut attributable to owners of the parent company	
				e ss:	
Share	Preferred	Equity	Other	Capital	Treasury
capital	shares	bonds		reserves	stock
					preferred

Items	Amount for the previous period													
	Other instruments				EQUITY attributable to owners of the parent company									
	Share capital	Retained earnings	Reserves	Others	Capital reserves	Insurance stock	Comprehensive income	Special reserves	Surplus reserves	Reserves for general risk	Retained earnings	Subtotal	Controlling interests	Total owners' equity
(III) Distribution of profits											-33,280,590	-33,280,590	-2,891,517	-36,172,107
1. Withdrawal of surplus reserves														
2. Withdrawal of provisions 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) Internal transfer of owners' equity														
1. Conversion of capital reserves into paid-up capital (or share capital)														
2. Conversion of surplus reserves into paid-up capital (or share capital)														
3. Surplus reserves offsetting losses														
4. Transfer of changes in the defined benefit plan for defined earnings														
5. Transfer of other comprehensive income for defined earnings														
6. Others														
(V) Special reserves														
1. Withdrawal for the period														
2. Additions for the period														
(VI) Others					-35,233,759							-35,233,759		-35,233,759
IV. Balance as 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 data 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: provisions for bad debts	40,215,173	33,732,614
<b>Total</b>	<b><u><u>462,939,570</u></u></b>	<b><u><u>571,812,957</u></u></b>

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 provisions for bad debts on the individual basis	15,171,844	3.0	15,171,844	100.0	
Including: Amount due from patients	15,171,844	3.0	15,171,844	100.0	0.00
Accounts receivable with provisions 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>
<b>Total</b>	<b><u><u>503,154,743</u></u></b>	<b><u><u>100.0</u></u></b>	<b><u><u>40,215,173</u></u></b>	<b><u><u>8.0</u></u></b>	<b><u><u>462,939,570</u></u></b>

	December 31, 2024				Book value Amount
	Balance of carrying amount		Provisions for bad debt percentage of		
	Amount	Report on (%)	Amount	Provision (%)	
Accounts receivable with provision 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 provision 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
<b>Total</b>	<b>605,545,571</b>	<b>100.0</b>	<b>33,732,614</b>	<b>5.6</b>	<b>571,812,957</b>

### 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	448,301	199,461
<b>Total</b>	<b>160,803,092</b>	<b>131,936,380</b>

### 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	171,078,810	125,790,275	136,516,371	90,468,771
<b>Total</b>	<b>1,619,784,411</b>	<b>1,200,715,218</b>	<b>1,654,289,413</b>	<b>1,215,885,486</b>

*Breakdown of revenue:*

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

**12.3.4 Credit impairment losses**

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

**12.3.5 Earnings per Share**

*Basic earnings per Share*

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

*Distributions per Share*

Distributions per Share is calculated based on the consolidated net profit attributable to the ordinary shareholders of the parent company (adjusted by the weighted average number of outstanding ordinary Shares of the Company) (adjusted):

	<b>For the year ended December 31,</b>	
	<b>2025</b>	2024
Consolidated net profit attributable to the ordinary shareholders of the parent company (adjusted by weighted average number of outstanding ordinary Shares of the Company) (adjusted)	<b>54,395,980</b>	65,610,189
Distributions per Share	<b>0.76</b>	0.88
Including: Distributions per Share from continuing operations	<b>0.76</b>	0.88
Distributions per Share from discontinued operations	-	-

**12.3.6 Income tax expenses**

*Table of income tax expenses*

	<b>For the year ended December 31,</b>	
	<b>2025</b>	2024
Current income tax expenses	<b>29,205,810</b>	35,746,101
Deferred income tax expenses	<b>3,409,292</b>	-18,044,326
<b>Total</b>	<b><u>32,615,101</u></b>	<b><u>17,701,775</u></b>

Impact on total profit and income tax expense

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

### 12.3.7 Dividend

On March 23, 2026, the Board proposed a cash dividend of RMB3.2 (one US dollar of ten 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 (one US dollar of ten). The proposed dividends are subject to approval at the extraordinary general meeting.

On August 12, 2025, the Board proposed an interim dividend of RMB13,024,602 (one US dollar of ten) 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 (one US dollar of ten per 10 Shares) to all Shareholders of the Company for the year ended December 31, 2024, totaling RMB21,801,000 (one US dollar of ten), 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 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 Ingu Hospital”	Beijing Ingu Hospital Co., Ltd. (北京怡寧醫院有限公司), a company established in the PRC through investment 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 Ingu Hospital”	Wenzhou Ingu 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)
“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, 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 any stock exchange
Group– or Enterprise– or our–	the Company and its subsidiaries
Share (s)–	ordinary listed for general subscription 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
Share– or Dividend–	the future income of Hong Kong
Long Term–	the Long Term Special Administration Agreement of the PRC
Long Term 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
Long Term Stock Exchange–	The Stock Exchange of Hong Kong Limited
Yunnan Angning Hospital–	Yunnan Angning Hospital Co., Ltd. (淮南康寧醫院有限公司), a company established in the PRC the Ltd dated August 22, 2017, one of the Company's indirect non- wholly owned subsidiaries
Jinjun Shunning Hospital–	Jinjun Shunning Hospital Co., Ltd. (縉雲舒寧醫院有限公司), a company established in the PRC the Ltd dated February 15, 2019, one of the Company's non- wholly owned subsidiaries
Longquan Angning Hospital–	Longquan Angning Hospital Co., Ltd. (龍泉康寧醫院有限公司), a company established in the PRC the Ltd dated 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 Ltd dated April 2, 2020, one of the Company's direct non- wholly owned subsidiaries
Taizhou Cening Hospital–	Taizhou Yuaocening Hospital Co., Ltd. (台州市路橋慈寧醫院有限公司), previously known as Taizhou Yunchang Hospital Co., Ltd. (台州市路橋怡寧醫院有限公司), a company established in the PRC the Ltd dated December 12, 2016, one of the Company's indirect non- wholly owned subsidiaries

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td. (怡寧心理互聯網醫院(溫州)有限公司), a company  
established in the PRC on March 10,  
2020, one of the Company's indirect wholly owned  
subsidiaries

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永康康寧醫院有限公司, a company established in the PRC on  
December 12, 2012, one of the Company's  
wholly owned subsidiaries

“ % ”

percentage

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

Zhang, the PRC  
March 23, 2026

As of the date of this announcement, the Company's executive Directors are Mr. A W, Mr. W A and Mr. W A Jan; the non-executive Directors are Mr. QI ao and Mr. I Changhao; and the independent non-executive Directors are Ms. Z O Wntang, Ms. JI ng and Mr. C A Sa eung ugo.