



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

(A joint stock limited liability c
Stock code: 2120

e People's Republic of China)

2025 INTERIM REPORT



Contents

| | Page |
|---|------|
| CORPORATE INFORMATION | 2 |
| FINANCIAL HIGHLIGHTS | 4 |
| MANAGEMENT DISCUSSION AND ANALYSIS | 5 |
| CORPORATE GOVERNANCE AND OTHER INFORMATION | 33 |
| CONSOLIDATED BALANCE SHEETS | 44 |
| PARENT COMPANY BALANCE SHEETS | 49 |
| CONSOLIDATED INCOME STATEMENT | 53 |
| PARENT COMPANY INCOME STATEMENT | 56 |
| CONSOLIDATED CASH FLOW STATEMENT | 58 |
| PARENT COMPANY CASH FLOW STATEMENT | 61 |
| CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY | 63 |
| PARENT COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY | 65 |
| NOTES TO THE FINANCIAL STATEMENTS | 67 |
| DEFINITIONS | 164 |



Corporate Information

Board of Directors

Executive Directors

Mr. GUAN Weili (*Chairman*)

Ms. WANG Lianyue

Mr. WANG Jian

Non-executive Directors

Mr. QIN Hao

Mr. LI Changhao

Independent Non-executive Directors

Ms. ZHONG Wentang

Ms. JIN Ling

Mr. CHAN Sai Keung Hugo

Audit Committee

Ms. ZHONG Wentang (*Chairman*)

Mr. LI Changhao

Ms. JIN Ling

Nomination Committee

Mr. CHAN Sai Keung Hugo (*Chairman*)

Mr. GUAN Weili

Ms. JIN Ling

Remuneration Committee

Ms. JIN Ling (*Chairman*)

Ms. ZHONG Wentang

Mr. CHAN Sai Keung Hugo

Strategy and Risk Management Committee

Mr. GUAN Weili (*Chairman*)

Ms. ZHONG Wentang

Mr. QIN Hao

Supervisory Committee

Mr. XU Ning (*Chairman*)

Mr. XU Yongjiu

Mr. FANG Wei (*appointed on June 30, 2025*)

Mr. XIE Tiefan

Mr. QIAN Chengliang

Ms. ZHANG Yue (*resigned on May 22, 2025*)

Joint Company Secretaries

Mr. WANG Jian

Mr. WONG Wai Chiu

Authorized Representatives

Mr. GUAN Weili

Mr. WONG Wai Chiu

Auditor

BDO China Shu Lun Pan Certified Public Accountants LLP

Legal Advisor as to Hong Kong Laws

Clifford Chance

Registered Office and Head Office in the PRC

Shengjin Road

Huanglong Residential District

Wenzhou, Zhejiang

PRC

Corporate Information

Principal Place of Business in Hong Kong

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Stock Code

2120

Company's Website

www.knhosp.cn

Investor Relations

Telephone: (86) 577 8877 1689
Fax: (86) 577 8878 9117
Email: ir@knhosp.cn

Financial Highlights

Principal Financial Data and Indicators

| | For the six months ended June 30, | |
|--|-----------------------------------|-------------|
| | 2025 | 2024 |
| | (RMB' 000) | (RMB'000) |
| | (Unaudited) | (Unaudited) |
| Revenue | 738,562 | 828,957 |
| Profit before income tax | 41,980 | 61,513 |
| Income tax expenses | 15,210 | 16,516 |
| Net profit | 26,769 | 44,996 |
| Net profit attributable to shareholders of the Company | 36,530 | 50,724 |
| Profit or loss attributable to non-controlling interests | -9,761 | -5,727 |

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

| | For the six months ended June 30, | |
|--|-----------------------------------|-------------|
| | 2025 | 2024 |
| | (RMB' 000) | (RMB'000) |
| | (Unaudited) | (Unaudited) |
| Net cash generated from operating activities | 198,522 | 116,536 |
| Net cash used in investing activities | -126,962 | -112,711 |
| Net cash generated from financing activities | 6,317 | -41,660 |
| Net increase in cash and cash equivalents | 77,874 | -37,934 |

Management Discussion and Analysis

Business Review and Outlook

In the first half of 2025, the medical industry is in a period of interweaving between the deepening iteration of the policy system and the upgrading of service demand structure. On the one hand, the reform of medical insurance payment methods continues to advance in depth, the competitive situation in the regional medical market is increasingly intensified, and the industry ecology is accelerating restructuring and differentiation. On the other hand, with the changes in the national population structure and the improvement of health awareness, the social demand for mental health care and elderly medical services is also rising, showing significant characteristics of diversification, quality-

Management Discussion and Analysis

Psychiatric Healthcare Business

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

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

Management Discussion and Analysis

Elderly Healthcare Business

With the accelerating aging of China's population, the demand of the elderly for medical services such as chronic disease management, post-operative care and rehabilitation treatment has increased significantly. Coupled with the systematic improvement of national health awareness in the post-pandemic era, the total amount of rigid demand continues to rise, the refinement requirements for service content are upgraded, and personalized service demands are prominent, bringing broad market space for the Group in the field of elderly medical care. In the first half of 2025, the Group had a total of 7 owned hospitals whose main business was elderly healthcare services, which were still in a ramp-up stage with stable business development and continuous adjustment of business structure. During the Reporting Period, the operation of the Group's owned elderly hospitals is as follows:

| | For the six months ended June 30, | | Percentage of Increase (Decrease) |
|---|-----------------------------------|----------------|---|
| | 2025 | 2024 | |
| Inpatient | | | |
| Number of beds | 2,900 | 2,730 | 6.2% |
| Bed utilization rate | 85.3% | 90.9% | -5.6% |
| Number of inpatient bed-days | 425,751 | 451,667 | -5.7% |
| Average daily total expenditure per inpatient bed (RMB) | 460 | 491 | -6.3% |
| Inpatient service revenue (RMB'000) | 195,728 | 221,781 | -11.7% |
| Outpatient | | | |
| Number of outpatient visits | 33,327 | 44,359 | -24.9% |
| Average total expenditure per outpatient visit (RMB) | 179 | 273 | -34.4% |
| Outpatient service revenue (RMB'000) | 10,910 | 20,698 | -47.3% |
| Revenue from elderly healthcare service business (RMB'000) | 206,638 | 242,479 | -14.8% |

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

Management Discussion and Analysis

Financial Review

The Group recorded a revenue from operation of RMB738.6 million during the Reporting Period (for the six months ended June 30, 2024: RMB829.0 million), representing a decrease of 10.9% compared with the same period of 2024. Among them, revenue from the operation of owned hospitals amounted to RMB690.9 million (for the six months ended June 30, 2024: RMB765.6 million), representing a decrease of 9.8% compared with the same period of 2024. During the Reporting Period, the gross profit margin of the Group's owned hospitals was 24.2% (for the six months ended June 30, 2024: 27.5%). The overall gross profit of the Group decreased to RMB189.2 million, representing a decrease of 16.3% compared with the same period of 2024. During the Reporting Period, net profit attributable to Shareholders of the Company amounted to RMB36.5 million, representing a decrease of 28.0% compared with the same period of 2024. During the Reporting Period, the net cash generated from operating activities of the Group amounted to RMB198.5 million (for the six months ended June 30, 2024: RMB116.5 million), representing an increase of 70.4% compared with the same period of 2024.

Revenue and Cost of Revenue

Management Discussion and Analysis

Revenue and cost of revenue from operating its owned hospitals

Revenue from operating its owned hospitals consists of fees (“Billing Revenue”) charged for outpatient visits and inpatient services at the Group’s various hospitals, which can be divided into treatment and general healthcare services and pharmaceutical sales. Meanwhile, there are variable considerations for medical services provided by the Group, including medical insurance settlement differences and estimates of uncollectible portions of patient fees for medical services provided to mainly extremely poor people, those living on the edge of poverty due to illness, and other people with special difficulties as stipulated by people’s governments at or above the county level in accordance with relevant policies. The Group presents the net amount after deducting variable considerations as operating revenue.

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

| | For the six months ended June 30, | |
|--|-----------------------------------|----------------------------------|
| | 2025 (RMB'000) (Unaudited) | 2024 (RMB'000) (Unaudited) |
| Billing Revenue from owned hospitals | 722,440 | 784,892 |
| Including: Revenue from psychiatric healthcare business | 515,802 | 542,413 |
| Revenue from elderly healthcare business | 206,638 | 242,479 |
| Less: Variable considerations | 31,537 | 19,256 |
| Revenue from operating owned hospitals – net | 690,903 | 765,636 |

During the Reporting Period, the Group’s Billing Revenue from its owned hospitals amounted to RMB722.4 million, representing a decrease of 8.0% compared with the same period of 2024, mainly due to the decrease in income driven by the decrease in average outpatient spending per visit and average inpatient spending per day per bed. During the Reporting Period, variable considerations amounted to RMB31.5 million, representing an increase of RMB12.3 million compared with the same period of 2024. The proportion of variable considerations to Billing Revenue increased to 4.4% (for the six months ended June 30, 2024: 2.5%).

Management Discussion and Analysis

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

| | For the six months ended June 30, | |
|---|-----------------------------------|----------------------------------|
| | 2025 (RMB'000) (Unaudited) | 2024 (RMB'000) (Unaudited) |
| Billing Revenue from psychiatric healthcare business | 515,802 | 542,413 |
| Cost of revenue | 351,923 | 362,789 |
| Gross profit | 163,879 | 179,624 |
| Billing Revenue from elderly healthcare business | 206,638 | 242,479 |
| Cost of revenue | 171,970 | 192,429 |
| Gross profit | 34,668 | 50,050 |

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

Management Discussion and Analysis

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

Psychiatric healthcare business

| | For the six months ended June 30, | |
|---|-----------------------------------|---------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) |
| Inpatients | | |
| Inpatient bed as at period end | 8,918 | 8,918 |
| Effective inpatient service bed-day capacity | 1,614,158 | 1,623,076 |
| Utilization rate (%) | 88.1 | 86.3 |
| Number of inpatient bed-days | 1,422,112 | 1,400,730 |
| Treatment and general healthcare services revenue attributable to inpatients (RMB'000) | 387,395 | 411,795 |
| Average inpatient spending per bed-day on treatment and general healthcare services (RMB) | 272 | 294 |
| Pharmaceutical sales revenue attributable to inpatients (RMB'000) | 44,393 | 43,626 |
| Average inpatient spending per bed-day on pharmaceutical sales (RMB) | 31 | 31 |
| Total inpatient revenue (RMB'000) | 431,788 | 455,421 |
| Total average inpatient spending per bed-day (RMB) | 304 | 325 |
| Outpatients | | |
| Number of outpatient visits | 308,444 | 198,749 |
| Treatment and general healthcare services revenue attributable to outpatients (RMB'000) | 21,140 | 22,953 |
| Average outpatient spending per visit on treatment and general healthcare services (RMB) | 69 | 115 |
| Pharmaceutical sales revenue attributable to outpatients (RMB'000) | 62,873 | 64,039 |
| Average outpatient spending per visit on pharmaceutical sales (RMB) | 204 | 322 |
| Total outpatient revenue (RMB'000) | 84,013 | 86,992 |
| Total average outpatient spending per visit (RMB) | 272 | 438 |
| Total treatment and general healthcare services revenue (RMB'000) | 408,535 | 434,748 |
| Total pharmaceutical sales revenue (RMB'000) | 107,266 | 107,665 |

Management Discussion and Analysis

During the Reporting Period, inpatient Billing Revenue from psychiatric healthcare business amounted to RMB431.8 million, representing a decrease of 5.2% compared with the same period of 2024, mainly due to the decrease of 6.5% in per bed-day spending of psychiatric healthcare business compared with the same period in 2024 as a result of the slowdown in growth of its own hospitals, including Wenzhou Kangning Hospital, Yongjia Kangning Hospital, Taizhou Kangning Hospital, Luqiao Cining Hospital and Huainan Kangning Hospital. The proportion of inpatient Billing Revenue from psychiatric healthcare business to total Billing Revenue from psychiatric healthcare business was 83.7% (for the six months ended June 30, 2024: 84.0%).

During the Reporting Period, outpatient Billing Revenue from psychiatric healthcare business amounted to RMB84.0 million, representing a decrease of 3.4% compared with 2024, mainly due to an increase of 55.2% in outpatient visits while average outpatient spending per visit decreased by 37.9%. The proportion of outpatient Billing Revenue from psychiatric healthcare business to total Billing Revenue from psychiatric healthcare business was 16.3% (for the six months ended June 30, 2024: 16.0%).

During the Reporting Period, due to the decline of both inpatient and outpatient businesses of psychiatric healthcare business, Billing Revenue from treatment and general healthcare services of psychiatric healthcare business decreased by 6.0% compared with the same period of 2024, accounting for 79.2% of total Billing Revenue from psychiatric healthcare business (for the six months ended June 30, 2024: 80.2%); while Billing Revenue from pharmaceutical sales decreased by 0.4% compared with the same period of 2024, accounting for 20.8% of total Billing Revenue from psychiatric healthcare business (for the six months ended June 30, 2024: 19.8%). Among them, the proportion of inpatient pharmaceutical sales Billing Revenue to total inpatient Billing Revenue increased to 10.3% (for the six months ended June 30, 2024: 9.6%), and the proportion of outpatient pharmaceutical sales revenue to total outpatient Billing Revenue increased to 74.8% (for the six months ended June 30, 2024: 73.6%).

Management Discussion and Analysis

Elderly healthcare business

For the six months ended June 30,

| | 2025 | 2024 |
|--|-------------|-------------|
| | (Unaudited) | (Unaudited) |

Inpatients

| | | |
|---|---------|---------|
| Inpatient bed as at period end | 2,900 | 2,730 |
| Effective inpatient service bed-day capacity | 499,230 | 496,860 |
| Utilization rate (%) | 85.3 | 90.9 |
| Number of inpatient bed-days | 425,751 | 451,667 |
| Treatment and general healthcare services revenue attributable to inpatients (<i>RMB'000</i>) | 151,629 | 174,351 |
| Average inpatient spending per visit on treatment and general healthcare services | | |

Management Discussion and Analysis

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

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

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

Management Discussion and Analysis

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

| | For the six months ended June 30, | |
|---|-----------------------------------|----------------------------------|
| | 2025 (RMB'000) (Unaudited) | 2024 (RMB'000) (Unaudited) |
| Pharmaceuticals and consumables used | 149,554 | 177,398 |
| Employee benefits and expenses | 233,447 | 228,188 |
| Depreciation and amortization of long-term assets | 57,175 | 66,865 |
| Canteen expenses | 33,470 | 33,351 |
| Testing fees | 5,413 | 8,450 |
| Others | 44,834 | 40,966 |
| Cost of revenue of owned hospitals | 523,893 | 555,218 |

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

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

Management Discussion and Analysis

Revenue from other healthcare related business

The Group's revenue from other healthcare-related business mainly includes revenue from sales of medical devices, revenue from pharmaceutical sales outside hospitals, revenue from social psychological services and revenue from medical information technology business, etc. During the Reporting Period, the Group's revenue from other healthcare-related business amounted to RMB46.8 million, of which revenue from sales of pharmaceuticals and medical devices outside hospitals was RMB28.3 million (for the six months ended June 30, 2024: RMB41.7 million).

Other revenue not related to healthcare business

The Group's other revenue not related to healthcare business mainly includes revenue from property leasing. During the Reporting Period, revenue from property leasing amounted to RMB0.9 million (for the six months ended June 30, 2024: RMB0.3 million).

Gross Profit and Gross Profit Margin

During the Reporting Period, the total gross profit of the Group on an operating revenue basis amounted to RMB189.2 million, representing a decrease of 16.3% compared with the same period of 2024; the gross profit of the owned hospital business on an operating revenue basis amounted to RMB167.0 million, representing a decrease of 20.6% compared with the same period of 2024. The table below sets forth a breakdown of the gross profit margin of different businesses for the periods indicated:

| | For the six months ended June 30, | |
|---|-----------------------------------|---------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) |
| Owned hospitals businesses | 24.2% | 27.5% |
| Psychiatric healthcare business | 28.4% | 31.2% |
| Elderly healthcare business | 16.4% | 19.2% |
| Other businesses | 46.6% | 24.9% |
| Consolidated gross profit margin | 25.6% | 27.3% |

During the Reporting Period, the consolidated gross profit margin of the Group decreased to 25.6% (for the six months ended June 30, 2024: 27.3%), among which the gross profit margin of the owned hospital business decreased by 3.3 percentage points compared with the same period of 2024.

Management Discussion and Analysis

Tax and Surcharge

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

Selling Expenses

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

Administrative Expenses

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

| | For the six months ended June 30, | |
|--------------------------------------|-----------------------------------|----------------------------------|
| | 2025 (RMB'000) (Unaudited) | 2024 (RMB'000) (Unaudited) |
| Employee benefits and expenses | 71,695 | 64,383 |
| Depreciation and amortization | 15,388 | 13,955 |
| Consultancy expenses | 4,666 | 4,042 |
| Travelling expenses | 2,039 | 2,199 |
| Others | 28,032 | 21,692 |
| Total administrative expenses | 121,820 | 106,271 |

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

Management Discussion and Analysis

Research and Development Expenses

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

| | For the six months ended June 30, | |
|--|-----------------------------------|----------------------------------|
| | 2025 (RMB'000) (Unaudited) | 2024 (RMB'000) (Unaudited) |
| Clinical research | 11,923 | 12,779 |
| Development of informatization software | 2,933 | 4,035 |
| Construction of Internet hospital platform | 807 | 748 |
| Others | – | 26 |
| Total | 15,663 | 17,588 |

During the Reporting Period, the Group's research and development expenses amounted to RMB15.7 million (for the six months ended June 30, 2024: RMB17.6 million), representing a decrease of 10.9% compared with the same period of 2024. Research and development expenses accounted for 2.3% of the Group's revenue from operating owned hospitals (for the six months ended June 30, 2024: 2.3%).

Management Discussion and Analysis

Finance Expenses – Net

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

| | For the six months ended June 30, | |
|--|-----------------------------------|----------------------------------|
| | 2025 (RMB'000) (Unaudited) | 2024 (RMB'000) (Unaudited) |
| Interest income | -587 | -2,686 |
| Foreign exchange losses | 2 | 99 |
| Bank borrowing interest expense | 13,723 | 18,078 |
| Interest expenses on lease liabilities | 4,654 | 5,245 |
| Interest expenses on finance leases | 3,682 | 2,968 |
| Others | 533 | 761 |
| Finance expenses – net | 22,007 | 24,465 |

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

Management Discussion and Analysis

Investment Gains

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

| | For the six months ended June 30, | |
|--|-----------------------------------|----------------------------------|
| | 2025 (RMB'000) (Unaudited) | 2024 (RMB'000) (Unaudited) |
| Share of investment losses/gains accounted for under the equity method | -1,206 | 479 |
| Gains on disposal of long-term equity investments | 5,033 | 1,201 |
| Gains from investment in wealth management products | 5 | – |
| | 3,832 | 1,680 |

During the Reporting Period, our investment income amounted to RMB3.8 million.

Credit Impairment Losses

During the Reporting Period, credit impairment losses decreased to RMB-7.6 million (for the six months ended June 30, 2024: RMB5.6 million).

Gains/losses from Disposal of Assets

During the Reporting Period, gains from disposal of assets amounted to RMB1.3 million (for the six months ended June 30, 2024: RMB-0.1 million), mainly due to the termination of the original lease contract of Linhai Kangning Hospital, resulting in gains from disposal of assets of RMB1.3 million.

Management Discussion and Analysis

Non-Operating Income and Non-Operating Expenses

Our non-operating income mainly includes government grants and donation income, while non-operating expenses mainly include losses on disposal of non-current assets, donation expenses and medical dispute expenses. The table below sets forth a breakdown of our non-operating income and non-operating expenses for the periods indicated:

| | For the six months ended June 30, | |
|---|-----------------------------------|----------------------------------|
| | 2025 (RMB'000) (Unaudited) | 2024 (RMB'000) (Unaudited) |
| Government grants | 4 | 129 |
| Donations received | 6 | 47 |
| Other non-operating income | 56 | 327 |
| Non-operating income | 66 | 503 |
| Losses on scrapping of non-current assets | 794 | 292 |
| Donation expenses | 734 | 500 |
| Expenses on medical disputes | 549 | 807 |
| Other non-operating expenses | 1,722 | 1,217 |
| Non-operating expenses | 3,799 | 2,816 |

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

Income Tax Expense

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

Management Discussion and Analysis

Financial Position

Inventory

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

Accounts Receivable

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

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

Other Receivables and Prepayments

As of June 30, 2025, other receivables and prepayments increased to RMB126.7 million (as of December 31, 2024: RMB96.1 million).

Long-term Equity Investments

As of June 30, 2025, the balance of long-term equity investments was RMB96.2 million (as of December 31, 2024: RMB99.4 million).

Other Non-current Financial Assets

As of June 30, 2025, the balance of other non-current financial assets was RMB36.8 million (as of December 31, 2024: RMB36.8 million), which was the Group's investment in Chongqing Jinpu Medical and Health Service Industry Equity Investment Fund Partnership (Limited Partnership) (重慶金浦醫療健康服務產業股權投資基金合夥企業(有限合夥)).

Fixed Assets

As of June 30, 2025, the balance of fixed assets amounted to RMB874.1 million (as of December 31, 2024: RMB889.5 million).

Construction in Progress

As of June 30, 2025, the balance of construction in progress was RMB238.3 million (as of December 31, 2024: RMB185.2 million). The construction in progress during the Reporting Period mainly included the new construction project of Lucheng Yining Hospital and the new construction project of Longquan Kangning Hospital.

Management Discussion and Analysis

Right-of-use Assets

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

Intangible Assets

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

Goodwill

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

Long-term Prepaid Expenses

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

Deferred Tax Assets

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

Accounts Payable

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

Receipts in Advance

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

Other Payables

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

Management Discussion and Analysis

Liquidity and Capital Resources

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

| | For the six months ended June 30, | |
|--|-----------------------------------|----------------------------------|
| | 2025 (RMB'000) (Unaudited) | 2024 (RMB'000) (Unaudited) |
| Net cash generated from operating activities | 198,522 | 116,536 |
| Net cash used in investing activities | -126,962 | -112,711 |
| Net cash generated from financing activities | 6,317 | -41,660 |
| Net increase/decrease in cash and cash equivalents | 77,874 | -37,934 |

Net Cash Generated from Operating Activities

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

Net Cash Used in Investing Activities

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

Net Cash Generated from Financing Activities

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

Significant Investment, Acquisition and Disposal

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

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

Management Discussion and Analysis

Indebtedness

Bank Borrowings

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

Contingent Liabilities

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

Asset Pledge

The Group's Wenzhou Kangning Hospital pledged real estate with property right certificates numbered Wenfangquan Lucheng District No.826751, Wenfangquan Lucheng District No.826750, Zhejiang (2016) Wenzhou Real Estate Right No.0010144, Zhejiang (2016) Wenzhou Real Estate Right No.0010142, Zhejiang (2021) Wenzhou Real Estate Right No.0081628, Wenguoyong (2015) No.1-11836 and Wenguoyong (2015) No.1-11833 to China Minsheng Bank Wenzhou Longwan Sub-branch, and Zhejiang (2017) Cangnan County Real Estate Right No.0018361 to Industrial and Commercial Bank of China Ouhai Sub-branch to obtain bank loans. As of June 30, 2025, the balance of such pledged loans was RMB413.9 million; Lucheng Yining Hospital pledged real estate with property right certificate numbered Zhejiang (2020) Wenzhou Real Estate Right No.0068897 to Bank of Communications Wenzhou Commercial City Sub-branch. As of June 30, 2025, the balance of such pledged loan was RMB116.0 million; Jinyun Shuning Hospital pledged real estate with property right certificate numbered Zhejiang (2022) Jinyun Real Estate Certificate No.0002503, and buildings and other fixtures with construction permit No.331122202000043 to Zhejiang Jinyun Rural Commercial Bank Wuyun Sub-branch. As of June 30, 2025, the balance of such pledged loan was RMB35.0 million; Quzhou Yining Hospital pledged real estate with property right certificate numbered Zhejiang (2022) Quzhou Real Estate Right No.0045588 to China CITIC Bank Wenzhou Branch. As of June 30, 2025, the balance of such pledged loan was RMB58.0 million and Longquan Kangning Hospital pledged real estate with property right certificate numbered Zhejiang (2023) Longquan Real Estate Right No. 0004112 to China CITIC Bank Wenzhou Branch. As of June 30, 2025, the balance of such pledged loan was RMB39.7 million.

Management Discussion and Analysis

Lease Liabilities

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

Financial Instruments

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

Exposure to Fluctuation in Exchange Rates

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

During the six months ended June 30, 2025, the Group did not use any derivative financial instruments to hedge against its exposure to exchange rate risk. The management of the Company manages the exchange rate risk by closely

Management Discussion and Analysis

Equity Incentive Scheme

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

Under the Equity Incentive Scheme, participants of the first actual grant comprised a total of 165 persons, with 1,818,529 incentive shares being granted. Participants of the second phase of the actual grant comprised a total of 23 persons, with 180,516 incentive shares being granted. Participants (including connected persons) of the third phase of the actual grant comprised a total of 13 persons, with 540,229 incentive shares being granted. As of June 30, 2025, a total of 8 participants exited, corresponding to a total of 79,274 incentive shares. As of June 30, 2025, participants of the actual grant under the Equity Incentive Scheme comprised 193 persons, and all 2,460,000 incentive shares proposed to be granted had been granted. The incentive shares granted accounted for 3.3997% of the total issued share capital of the Company as of June 30, 2025, and were unlocked at one time after 48 months from the date of grant at the grant price of RMB10.47 per share.

As all 2,460,000 incentive shares proposed to be granted under the Equity Incentive Scheme had been granted before June 18, 2021, the number of awards to be granted separately at the beginning and the end of the Reporting Period with the authorization under the Equity Incentive Scheme was nil. Therefore, there were no shares available for issuance under the Equity Incentive Scheme as at June 30, 2025.

Management Discussion and Analysis

For the six months ended June 30, 2025, the changes in the Incentive Shares granted under the Equity Incentive Scheme were as follows:

| Name/Category of Grantee | Date of Grant | Vesting Date (Unlocking Date) | Grant Price (RMB/ Share) | Balance of | Balance of | Granted during the Reporting Period | Vested | Cancelled during the Reporting Period | Lapsed | Balance of |
|---|------------------|--|-----------------------------------|---|---|--|---|--|-----------------------------------|---|
| | | | | Granted but not Vested as at January 1, 2025 | Granted and Vested as at January 1, 2025 | | (Unlocked) during the Reporting Period | | during the Reporting Period | Granted but not Vested as at June 30, 2025 |
| <i>Director</i> | | | | | | | | | | |
| Ms. WANG Lianyue | June 18, 2021 | June 28, 2022 | 10.47 | - | 248,328 | - | - | - | - | - |
| <i>Supervisor</i> | | | | | | | | | | |
| Mr. XIE Tiefan | June 18, 2021 | June 28, 2022 | 10.47 | - | 4,776 | - | - | - | - | - |
| <i>Others</i> | | | | | | | | | | |
| Mr. XU Yi (Spouse of Ms. WANG Hongyue) | June 18, 2021 | June 28, 2022 | 10.47 | - | 28,653 | - | - | - | - | - |
| Ms. WANG Hongyue (Younger Sister of Ms. WANG Lianyue) | June 18, 2021 | June 28, 2022 | 10.47 | - | 95,511 | - | - | - | - | - |
| Ms. WANG Biyu (Resigned) (Niece of Ms. WANG Lianyue and Ms. WANG Hongyue) | June 18, 2021 | June 28, 2022 | 10.47 | - | 4,776 | - | - | - | - | - |
| Ms. XU Qunyan (Resigned) (Younger Sister of Mr. XU Yi) | June 18, 2021 | June 28, 2022 | 10.47 | - | 4,776 | - | - | - | - | - |
| Mr. GUAN Weilu (Younger Brother of Mr. GUAN Weili) | June 18, 2021 | June 28, 2022 | 10.47 | - | 19,102 | - | - | - | - | - |
| Mr. SUN Fangjun (Resigned) | June 18, 2021 | June 28, 2022 | 10.47 | - | 14,327 | - | - | - | - | - |
| Mr. SUN Hongbo (Nephew of Ms. WANG Lianyue and Ms. WANG Hongyue) | June 18, 2021 | June 28, 2022 | 10.47 | - | 30,563 | - | - | - | - | - |

Management Discussion and Analysis

| Name/Category of Grantee | Date of Grant | Vesting Date (Unlocking Date) | Grant Price (RMB/ Share) | Balance of | Balance of | Granted during the Reporting Period | Vested | Cancelled during the Reporting Period | Lapsed during the Reporting Period | Balance of |
|---|--------------------|--|-----------------------------------|---|---|--|---|--|---|---|
| | | | | Incentive Shares Granted but not Vested as at January 1, 2025 | Incentive Shares Granted and Vested as at January 1, 2025 | | (Unlocked) during the Reporting Period | | | Incentive Shares Granted but not Vested as at June 30, 2025 |
| Ms. ZHANG Linghui (Resigned) (Sister-in-law of Mr. GUAN Weili) | June 18, 2021 | June 28, 2022 | 10.47 | - | 4,776 | - | - | - | - | - |
| Senior Management (Total) | August 20, 2018 | June 28, 2022 | 10.47 | - | 133,715 | - | - | - | - | - |
| | April 16, 2021 | June 28, 2022 | 10.47 | - | 47,755 | - | - | - | - | - |
| Core Technical Personnel and Other Employees | August 20, 2018 | June 28, 2022 | 10.47 | - | 1,605,540 | - | - | - | - | - |
| | August 26, 2019 | June 28, 2022 | 10.47 | - | 180,516 | - | - | - | - | - |
| | April 16, 2021 | June 28, 2022 | 10.47 | - | 36,886 | - | - | - | - | - |
| Total | | | | - | 2,460,000 | - | - | - | - | - |

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

Management Discussion and Analysis

H Share Award and Trust Scheme

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

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

Under the H Share Award and Trust Scheme, the selected participants (including connected persons) of the first actual grant comprised a total of 36 persons, with 364,100 award shares being granted. The selected participants (including connected persons) of the second phase of the actual grant comprised a total of 36 persons, with 616,000 incentive shares being granted. The selected participants (including connected persons) of the third phase of the actual grant comprised a total of 52 persons, with 335,000 award shares being granted. As of June 30, 2025, a total of 7 participants exited, corresponding to a total of 75,000 award shares. As of June 30, 2025, the selected participants of the actual grant under the H Share Award and Trust Scheme comprised 101 persons, and a total of 1,240,100 award shares had been granted. The award shares granted accounted for 1.71% of the total issued share capital of the Company as of June 30, 2025. For details of the grant plan, please refer to the circular of the Company dated September 8, 2023 and the announcements of the Company dated September 27, 2023, April 12, 2024, April 23, 2024 and June 18, 2024.

As at the beginning of the Reporting Period, 2,489,900 award shares were available for grant under the H Share Award and Trust Scheme, and as at the end of the Reporting Period, 2,489,900 award shares were available for grant under the H Share Award and Trust Scheme.

Management Discussion and Analysis

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

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

Corporate Governance and Other Information

Corporate Governance

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

Compliance with the Model Code

The Company has adopted the Model Code as a code of conduct of the Company for its Directors' and Supervisors' transactions on the Company's securities. Based on specific enquiries to all Directors and Supervisors, the Directors and the Supervisors have complied with the requirements set out in the Model Code during the period from January 1, 2025 to June 30, 2025 and up to the date of this interim report.

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

Accounting Standards

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

Accounting Policies

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

The financial statements are prepared and has disclosed relevant financial information in accordance with the requirements of the Accounting Standard for Business Enterprises No. 32 – Interim Financial Report issued by the Ministry of Finance. The Group's accounting policies applied in preparing the financial statements are consistent with those policies applied in the financial statements for the year ended 2024. The interim financial statements shall be read together with the financial statements for the year ended 2024 of the Group.

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

Corporate Governance and Other Information

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

The Company established the Audit Committee in compliance with Rule 3.21 and Rule 3.22 of the Hong Kong Listing Rules and with written terms of reference in compliance with the CG Code and the roles and the responsibilities delegated to the Audit Committee by the Board. As of June 30, 2025, the Audit Committee consists of two independent non-executive Directors, Ms. ZHONG Wentang (the chairman of the Audit Committee) and Ms. JIN Ling, and one non-executive Director, Mr. LI Changhao. The Audit Committee has reviewed this interim report and the Group's unaudited financial information for the six months ended June 30, 2025 and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

Interim Dividend

The Board recommends the payment of the Proposed Interim Dividend. Based on the total share capital before the record date determined by the implementation of the 2025 interim profit distribution plan (excluding the number of Shares repurchased but not cancelled by the Company), a cash dividend of RMB1.80 (tax inclusive) per 10 shares will be distributed to all shareholders of the Company. As at the disclosure date of the "INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2025" of the Company, the total share capital of the Company is 72,358,900 Shares. Assuming that there is no change in the total share capital of the Company from the date of this interim report to the record date, the total proposed cash dividend is expected to be RMB13,024,602 (inclusive of tax), representing 35.7% of the net profit attributable to shareholders of the parent company as set out in the consolidated statement of accounts for the Reporting Period. The Proposed Interim Dividend will be denominated and declared in RMB. The holders of Domestic Shares will be paid in RMB and the holders of H Shares will be paid in Hong Kong dollars. The exchange rate for the Proposed Interim Dividend to be paid in Hong Kong dollars will be the mean of the exchange rates of Hong Kong dollars to RMB as announced by the People's Bank of China during the five business days prior to the date of declaration of the Proposed Interim Dividend (i.e. the date of convening the EGM of the Company). The proposal for payment of 2025 interim dividend is subject to the consideration and approval at the EGM of the Company.

For the purpose of ascertaining Shareholders who qualify for the Proposed Interim Dividend, the register of members for H Shares will be closed from October 21, 2025 to October 26, 2025 (both days inclusive). Subject to the approval of the Proposed Interim Dividend by shareholders at the upcoming extraordinary general meeting, the Proposed Interim Dividend is expected to be paid on or about November 21, 2025 to the Shareholders whose names appear on the register of members on the Record Date (October 26, 2025). In order to qualify for the Proposed Interim Dividend, the H Shareholders shall lodge their share certificates accompanied by the transfer documents with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on October 20, 2025 for registration.

Corporate Governance and Other Information

In accordance with the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) and its implementation regulations which came into effect on January 1, 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the register of members for H Shares when distributing the cash dividends. Any H Shares not registered under the name of an individual Shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees,

Corporate Governance and Other Information

Purchase, Sale or Redemption of Listed Securities

During the Report Period, the Share Repurchases could have increased net asset value per Share and/or earnings per Share, which was in the interests of the Company and the Shareholders as a whole, the Company repurchased a total of 311,100 Shares for an aggregate consideration of HKD3,514,896.5 (before deduction of expenses) on the Hong Kong Stock Exchange (the “Repurchased Shares”). The Company cancelled such Repurchased Shares on June 6, 2025. Details of the Repurchased Shares are as follows:

| Repurchase date | Number of Repurchased Shares | Price paid per Share | | Total consideration (before deduction of expenses) (HKD) |
|-----------------|------------------------------|----------------------|--------------|--|
| | | Highest (HKD) | Lowest (HKD) | |
| March 31, 2025 | 3,000 | 9.03 | 9.03 | 27,090 |
| April 3, 2025 | 183,500 | 11.50 | 11.20 | 2,067,678 |
| April 7, 2025 | 124,600 | 11.50 | 10.22 | 1,420,128.5 |
| Total | 311,100 | | | 3,514,896.5 |

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

As of June 30, 2025, the Group did not hold any treasury shares.

Corporate Governance and Other Information

Change in Directors, Supervisors and Senior Management

On May 22, 2025, Ms. ZHANG Yue resigned from the position of supervisor of the Company due to personal matters and other work commitments.

At the 2024 Annual General Meeting of Shareholders convened on June 30, 2025, Mr. FANG Wei was appointed as a supervisor of the 4th Session of the Board of Supervisors of the Company, with his term of office commencing from June 30, 2025 until the date on which the term of office of the 4th Session of the Board of Supervisors expires.

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

Events after the Reporting Period

There have been no major subsequent events occurred to the Group from the end of the Reporting Period to the date of this interim report.

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

Set out below are the changes in the Directors', the Supervisors' and the chief executives' biographical details between the period of January 1, 2025 to June 30, 2025 and up to the date of this interim report, which are required to be disclosed pursuant to Rule 13.51B of the Hong Kong Listing Rules:

| | | | |
|--------------|---|-------------------------------------|-------------------------------|
| WANG Jian | Zhejiang Yining Geriatric Hospital Management Co., Ltd. | Executive Director, General Manager | April 2024 – January 2025 |
| | Zhejiang Yining Geriatric Health Service Co., Ltd. | Director, Manager | January 2025 – present |
| | Hangzhou Yining Hospital Co., Ltd. | Director | May 2025 – present |
| | Yining Psychology Internet Hospital (Wenzhou) Co., Ltd. | Executive Director, General Manager | March 2020 – February 2025 |
| | Hangzhou Yining Medical Equipment R&D Co., Ltd. | Executive Director, General Manager | April 2021 – June 2025 |
| | Zhejiang Youning Pharmaceutical Co., Ltd. | Director, Manager | June 2025 – present |
| JIN Weiguang | Pingyang Changgeng Yining Hospital Co., Ltd. | Executive Director | September 2021 – January 2025 |
| | Pingyang Changgeng Yining Hospital Co., Ltd. | Director | February 2025 – present |

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

Corporate Governance and Other Information

Save as disclosed above, as of June 30, 2025, to the knowledge of the Board, none of the Directors, the Supervisors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, the Supervisors and the chief executives of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Interests of Substantial Shareholders

As of June 30, 2025, according to the register kept by the Company pursuant to Section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following person/entity (other than the Directors, the Supervisors or the chief executives of the Company) had an interest or short position which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or be directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of the Company:

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

Corporate Governance and Other Information

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

Corporate Governance and Other Information

| Name | Class of Shares | Nature of Interest | Number of Shares | Approximate Percentage in Shares of the Same Class ⁽¹⁾ | Approximate Percentage of the Company's Total Issued Shares Capital ⁽¹⁾ |
|---|-----------------|---|------------------|---|--|
| Wind Impact Equity Investment (Jiaxing) Partnership (Limited Partnership) ("Wind Investment") (萬得影響力股權投資(嘉興)合夥企業(有限合夥)) ("萬得投資") | Domestic Shares | Beneficial owner | 3,333,000(L) | 6.32% | 4.61% |
| CITIC Securities Investment Limited (中信證券投資有限公司) | Domestic Shares | Beneficial owner | 2,780,000(L) | 5.27% | 3.84% |
| CITIC Securities Company Limited (中信證券股份有限公司) ⁽⁵⁾ | Domestic Shares | Interest in a controlled corporation | 2,780,000(L) | 5.27% | 3.84% |
| OrbiMed Advisors LLC | H Shares | Investment manager | 1,454,000(L) | 7.42% | 2.01% |
| OrbiMed Capital LLC | H Shares | Investment manager | 2,150,900(L) | 10.97% | 2.97% |
| OrbiMed Partners Master Fund Limited | H Shares | Beneficial owner | 1,279,900(L) | 6.53% | 1.77% |
| OrbiMed Partners II, L.P. | H Shares | Beneficial owner | 1,052,000(L) | 5.37% | 1.45% |
| UBS Group AG | H Shares | Interest in a controlled corporation | 1,029,400(L) | 5.25% | 1.42% |
| ZOU Haili | H Shares | Beneficial owner | 1,680,000(L) | 8.57% | 2.32% |
| WANG Hongyue ⁽⁶⁾ | Domestic Shares | Beneficial owner | 5,785,350(L) | 10.97% | 8.00% |
| | | Interest held jointly with another person | 21,544,750(L) | 40.84% | 29.77% |
| | H Shares | Beneficial owner | 309,000(L) | 1.58% | 0.43% |
| | | Interest held jointly with another person | 149,300(L) | 0.76% | 0.21% |
| Kangning Success Holding Limited | H Shares | Interest in a controlled corporation | 3,347,975(L) | 17.08% | 4.63% |
| Trident Trust Company (HK) Limited | H Shares | Trustee | 3,347,975(L) | 17.08% | 4.63% |

Corporate Governance and Other Information

Notes:

(L): Long position

- (1) The shareholding percentages are calculated on the basis of 52,760,000 Domestic Shares and 19,598,900 H Shares (an aggregate of 72,358,900 Shares) issued by the Company as of June 30, 2025.
- (2) FAN Yin holds 50% equity interest in Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)) and Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)). SUN Jian holds 33.94% equity interest in Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)). Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership). Therefore, by virtue of Part XV of the SFO, FAN Yin, Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)), SUN Jian and Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) were deemed to be interested in all the Domestic Shares held by Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)) in the Company.
- (3) Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) holds 99.99% equity interest in Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)). Therefore, by virtue of Part XV of the SFO, Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) is deemed to be interested in all the Domestic Shares held by Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)) in the Company.
- (4) Shanghai Loyal Valley Investment Management Co., Limited (上海正心谷投資管理有限公司) (formerly know as Shanghai Shengge Investment Management Co., Ltd. (上海盛歌投資管理有限公司)) is a general partner of Shanghai Qiangang Investment Management Partnership (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) and Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)). Therefore, by virtue of Part XV of the SFO, Shanghai Loyal Valley Investment Management Co., Limited is deemed to be interested in all the Domestic Shares held by Shanghai Qiangang Investment Management Partnership (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) (which directly holds 1,987,356 Domestic Shares of the Company) and Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)) in the Company.
- (5) CITIC Securities Investment Limited (中信証券投資有限公司) is wholly held by CITIC Securities Company Limited. Therefore, by virtue of Part XV of the SFO, CITIC Securities Company Limited is deemed to be interested in all the Domestic Shares held by CITIC Securities Investment Limited (中信証券投資有限公司) in the Company.
- (6) Mr. Guan Weili, Ms. Wang Lianyue and Ms. Wang Hongyue (sister of Ms. Wang Lianyue) are deemed to be acting in concert, and thus are deemed to collectively have an interest in 27,330,100 domestic shares and 458,300 H shares of the Company. Mr. XU Yi is the spouse of Ms. WANG Hongyue and, therefore, pursuant to Part XV of the Securities and Futures Ordinance, Mr. XU Yi is deemed to be interested in the share of the Company held by Ms. WANG Hongyue.

Corporate Governance and Other Information

Save as disclosed above, as at June 30, 2025, to the knowledge of the Directors, no other person (other than a Director, a Supervisor or chief executive of the Company) had, or was deemed or taken to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

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

Zhejiang, the PRC
August 12, 2025

Consolidated Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Assets | Note 4 | Balance as at the end of the period | Balance as at the end of the previous year |
|--|--------|---|--|
| Current assets: | | | |
| Cash at bank and on hand | 4.1 | 340,232,500.32 | 261,749,010.62 |
| Settlement deposits | | | |
| Placements with banks and other financial institutions | | | |
| Financial assets held for trading | 4.2 | 21,325,265.41 | 7,938,322.41 |
| Derivative financial assets | | | |
| Notes receivable | 4.3 | | 663,798.83 |
| Accounts receivable | 4.4 | 419,912,658.42 | 571,812,956.97 |
| Receivables financing | | | |
| Advances to suppliers | 4.5 | 27,461,467.19 | 14,713,963.24 |
| Premiums receivable | | | |
| Reinsurance accounts receivable | | | |
| Provision for reinsurance contract receivable | | | |
| Other receivables | 4.6 | 99,269,639.12 | 81,354,941.59 |
| Financial assets purchased under resale agreements | | | |
| Inventories | 4.7 | 49,637,662.56 | 50,629,131.38 |
| Including: data sources | | | |
| Contract assets | | | |
| Assets held for sale | | | |
| Non-current assets due within one year | | | |
| Other current assets | 4.8 | 9,881,285.62 | 5,859,353.91 |
| Total current assets | | 967,720,478.64 | 994,721,478.95 |

Consolidated Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Assets | Note 4 | Balance as at the end of the period | Balance as at the end of the previous year |
|---|--------|---|--|
| Non-current assets: | | | |
| Granted loans and advances | | | |
| Debt investments | | | |
| Other debt investments | | | |
| Long-term accounts receivables | 4.9 | | 14,000,000.00 |
| Long-term equity investments | 4.10 | 96,169,747.92 | 99,413,985.20 |
| Investments in other equity instruments | | | |
| Other non-current financial assets | 4.11 | 36,804,698.26 | 36,755,116.10 |
| Investment properties | | | |
| Fixed assets | 4.12 | 874,140,219.23 | 889,544,442.13 |
| Construction in progress | 4.13 | 238,348,770.46 | 185,164,227.10 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | 4.14 | 193,217,590.80 | 161,821,444.56 |
| Intangible assets | 4.15 | 304,978,952.60 | 291,535,792.26 |
| Including: data sources | | | |
| Development expenditure | | | |
| Including: data sources | | | |
| Goodwill | 4.16 | 127,198,933.05 | 114,158,433.92 |
| Long-term prepaid expenses | 4.17 | 135,015,255.27 | 150,407,031.48 |
| Deferred tax assets | 4.18 | 52,433,591.56 | 56,197,544.77 |
| Other non-current assets | 4.19 | 20,359,242.56 | 11,233,664.34 |
| Total non-current assets | | 2,078,667,001.71 | 2,010,231,681.86 |
| Total assets | | 3,046,387,480.35 | 3,004,953,160.81 |

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

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Consolidated Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Liabilities and shareholders' equity | Note 4 | Balance as at the end of the period | Balance as at the end of the previous period |
|--|--------|---|--|
| Current liabilities: | | | |
| Short-term borrowings | 4.21 | 105,720,000.00 | 91,000,000.00 |
| Borrowings from central bank | | | |
| Placements from banks and other financial institutions | | | |
| Financial liabilities held for trading | 4.22 | | 14,000,000.00 |
| Derivative financial liabilities | | | |
| Notes payable | 4.23 | 1,522,204.00 | |
| Accounts payable | 4.24 | 118,842,628.09 | 131,936,379.98 |
| Receipts in advance | 4.25 | 29,594,023.47 | 21,319,198.39 |
| Contract liabilities | 4.26 | 1,812,824.87 | 49,771.35 |
| Financial assets sold under repurchase agreements | | | |
| Receipt of deposits and deposits from other banks | | | |
| Funds received as agent of stock exchange | | | |
| Funds received as stock underwriter | | | |
| Employee benefits payable | 4.27 | 66,734,812.81 | 85,747,296.61 |
| Taxes payable | 4.28 | 21,253,501.59 | 39,128,083.85 |
| Other payables | 4.29 | 72,746,939.83 | 81,287,433.15 |
| Fees and commissions payable | | | |
| Reinsurance accounts payable | | | |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | 4.30 | 288,868,212.68 | 229,270,444.13 |
| Other current liabilities | 4.31 | 218,774.38 | 615,218.00 |
| Total current liabilities | | 707,313,921.72 | 694,353,825.46 |

Consolidated Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Liabilities and shareholders' equity | Note 4 | Balance as at the end of the period | Balance as at the end of the previous period |
|--------------------------------------|--------|---|--|
| Non-current liabilities: | | | |
| Provision for insurance contracts | | | |
| Long-term borrowings | 4.32 | 678,248,077.26 | 691,017,337.44 |
| Bonds payable | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | 4.33 | 184,944,626.00 | 151,300,062.80 |
| Long-term payables | 4.34 | 70,878,075.78 | 76,236,878.60 |
| Long-term employee benefits payable | | | |
| Provisions | | | |
| Deferred income | 4.35 | 8,278,411.00 | 8,430,307.00 |
| Deferred tax liabilities | 4.18 | 36,447,159.37 | 40,313,058.68 |
| Other non-current liabilities | | | |
| Total non-current liabilities | | 978,796,349.41 | 967,297,644.52 |
| Total liabilities | | 1,686,110,271.13 | 1,661,651,469.98 |

Consolidated Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Liabilities and shareholders' equity | Note 4 | Balance as at the end of the period | Balance as at the end of the previous period |
|--|--------|---|--|
| Shareholders' equity: | | | |
| Share capital | 4.36 | 72,358,900.00 | 72,670,000.00 |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Capital surplus | 4.37 | 789,916,782.12 | 790,024,238.03 |
| Less: treasury stocks | 4.38 | 22,366,848.64 | 22,366,848.64 |
| Other comprehensive income | | | |
| Special reserves | | | |
| Surplus reserves | 4.39 | 38,399,577.13 | 38,399,577.13 |
| Provision for general risks | | | |
| Retained earnings | 4.40 | 359,015,187.58 | 344,285,828.01 |
| Total equity attributable to shareholders of the parent company | | 1,237,323,598.19 | 1,223,012,794.53 |
| Non-controlling interests | | 122,953,611.03 | 120,288,896.30 |
| Total shareholders' equity | | 1,360,277,209.22 | 1,343,301,690.83 |
| Total liabilities and shareholders' equity | | 3,046,387,480.35 | 3,004,953,160.81 |

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

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Parent Company's Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Assets | Note 15 | Balance as at the end of the period | Balance as at the end of the previous year |
|--|---------|---|--|
| Current assets: | | | |
| Cash at bank and on hand | | 133,059,953.02 | 112,152,552.80 |
| Financial assets held for trading | | | |
| Derivative financial assets | | | |
| Notes receivable | | | |
| Accounts receivable | 15.1 | 53,585,753.40 | 69,696,752.09 |
| Receivables financing | | | |
| Advances to suppliers | | 960,475.58 | 2,264,057.74 |
| Other receivables | 15.2 | 716,079,091.47 | 616,875,722.47 |
| Inventories | | 9,753,068.43 | 10,162,306.19 |
| Including: data sources | | | |
| Contract assets | | | |
| Assets held for sale | | | |
| Non-current assets due within one year | | | |
| Other current assets | | | 355,000.00 |
| Total current assets | | 913,438,341.90 | 811,506,391.29 |

Parent Company's Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Assets | Note 15 | Balance as at the end of the period | Balance as at the end of the previous year |
|---|---------|---|--|
| Non-current assets: | | | |
| Debt investments | | | |
| Other debt investments | | | |
| Long-term accounts receivables | | | |
| Long-term equity investments | 15.3 | 690,261,006.13 | 834,837,987.87 |
| Investments in other equity instruments | | | |
| Other non-current financial assets | | 36,804,698.26 | 36,755,116.10 |
| Investment properties | | | |
| Fixed assets | | 276,689,649.59 | 280,273,134.88 |
| Construction in progress | | 2,963,737.96 | 622,132.50 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | | | |
| Intangible assets | | 23,125,003.24 | 23,603,766.55 |
| Including: data sources | | | |
| Development expenditure | | | |
| Including: data sources | | | |
| Goodwill | | | |
| Long-term prepaid expenses | | 16,013,627.22 | 18,701,115.49 |
| Deferred tax assets | | 16,148,855.88 | 17,876,806.13 |
| Other non-current assets | | 10,052,222.69 | 6,010,995.66 |
| Total non-current assets | | 1,072,058,800.97 | 1,218,681,055.18 |
| Total assets | | 1,985,497,142.87 | 2,030,187,446.47 |

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

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Parent Company's Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Liabilities and shareholders' equity | Note | Balance as at the end of the period | Balance as at the end of the previous year |
|---|------|---|--|
| Current liabilities: | | | |
| Short-term borrowings | | 93,720,000.00 | 75,000,000.00 |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities | | | |
| Notes payable | | | |
| Accounts payable | | 42,997,929.14 | 50,885,691.57 |
| Receipts in advance | | 6,258,455.76 | 4,828,444.68 |
| Contract liabilities | | | |
| Employee benefits payable | | 16,670,235.33 | 20,234,697.93 |
| Taxes payable | | 2,667,567.68 | 3,208,892.78 |
| Other payables | | 29,416,960.12 | 51,395,823.13 |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | | 230,630,144.00 | 172,880,144.00 |
| Other current liabilities | | | |
| Total current liabilities | | 422,361,292.03 | 378,433,694.09 |
| Non-current liabilities: | | | |
| Long-term borrowings | | 329,250,000.00 | 399,350,000.00 |
| Bonds payable | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Lease liabilities | | | |
| Long-term payables | | 27,509,595.18 | 34,016,324.10 |
| Long-term employee benefits payable | | | |
| Provisions | | | |
| Deferred income | | 8,278,411.00 | 8,430,307.00 |
| Deferred tax liabilities | | | |
| Other non-current liabilities | | | |
| Total non-current liabilities | | 365,038,006.18 | 441,796,631.10 |
| Total liabilities | | 787,399,298.21 | 820,230,325.19 |

Parent Company's Balance Sheet

As at 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Liabilities and shareholders' equity | Note | Balance as at the end of the period | Balance as at the end of the previous year |
|---|------|---|--|
| Shareholders' equity: | | | |
| Share capital | | 72,358,900.00 | 72,670,000.00 |
| Other equity instruments | | | |
| Including: Preferred shares | | | |
| Perpetual bonds | | | |
| Capital surplus | | 832,177,309.37 | 832,320,975.11 |
| Less: treasury stocks | | 22,366,848.64 | 22,366,848.64 |
| Other comprehensive income | | | |
| Special reserves | | | |
| Surplus reserves | | 38,399,577.13 | 38,399,577.13 |
| Retained earnings | | 277,528,906.80 | 288,933,417.68 |
| Total shareholders' equity | | 1,198,097,844.66 | 1,209,957,121.28 |
| Total liabilities and shareholders' equity | | 1,985,497,142.87 | 2,030,187,446.47 |

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

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Consolidated Income Statement

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Note 4 | Current period | Prior period |
|--|--------|-----------------------|-----------------------|
| I. Total revenue | | 738,561,625.33 | 828,957,553.71 |
| Including: Revenue | 4.41 | 738,561,625.33 | 828,957,553.71 |
| Interest income | | | |
| Premium income | | | |
| Fees and commission income | | | |
| II. Total cost of sales | | 717,628,929.06 | 766,642,937.50 |
| Including: cost of sales | 4.41 | 549,334,194.14 | 602,800,461.11 |
| Interest expense | | | |
| Fees and commissions expenses | | | |
| Surrenders | | | |
| Net claims expenses | | | |
| Net provisions for insurance contracts reserve | | | |
| Insurance policy dividend paid | | | |
| Reinsurance costs | | | |
| Taxes and surcharges | 4.42 | 5,117,058.34 | 6,268,298.95 |
| Selling and distribution expenses | 4.43 | 3,688,280.00 | 9,249,266.44 |
| General and administrative expenses | 4.44 | 121,819,658.37 | 106,271,383.70 |
| Research and development expenses | 4.45 | 15,662,922.72 | 17,588,076.15 |
| Financial expenses | 4.46 | 22,006,815.49 | 24,465,451.15 |
| Including: Interest expenses | | 18,377,254.10 | 23,323,466.98 |
| Interest income | | 587,377.24 | 2,686,209.46 |
| Add: Other income | 4.47 | 11,601,815.43 | 5,588,263.28 |
| Investment income (losses represented with "-" signs) | 4.48 | 3,832,269.03 | 1,680,199.57 |
| Including: Investment income from associates and joint ventures | | -1,206,158.07 | 478,827.96 |
| Gains from derecognition of financial assets measured at amortised costs | | | |
| Foreign exchange gains (losses represented with "-" signs) | | | |
| Gains from net exposure hedges (losses represented with "-" signs) | | | |
| Gains from changes in fair value (losses represented with "-" signs) | 4.49 | 477,843.54 | -98,523.19 |
| Credit impairment losses (losses represented with "-" signs) | 4.50 | 7,616,882.44 | -5,584,264.01 |
| Asset impairment losses (losses represented with "-" signs) | | | |
| Gains from disposal of assets (losses represented with "-" signs) | 4.51 | 1,250,151.08 | -74,985.41 |

Consolidated Income Statement

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Note 4 | Current period | Prior period |
|--|--------|----------------------|----------------------|
| III. Operating profits (losses represented with "-" sign) | | 45,711,657.79 | 63,825,306.45 |
| Add: non-revenue | 4.52 | 66,456.85 | 503,489.95 |
| Less: non-operating expenses | 4.53 | 3,798,544.46 | 2,816,219.76 |
| IV. Total profits (total losses represented with "-" signs) | | 41,979,570.18 | 61,512,576.64 |
| Less: income tax expenses | 4.54 | 15,210,452.03 | 16,516,143.35 |
| V. Net profit (net losses represented with "-" signs) | | 26,769,118.15 | 44,996,433.29 |
| (I) Classification by continuity of operations | | | |
| 1. Net profit from continuing operation (net losses represented with "-" signs) | | 26,769,118.15 | 44,996,433.29 |
| 2. Net profit from discontinued operation (net losses represented with "-" signs) | | | |
| (II) Classification by ownership of the equity | | | |
| 1. Net profit attributable to shareholders of the parent company (net losses represented with "-" signs) | | 36,530,359.57 | 50,723,744.20 |
| 2. Profit or loss attributable to non-controlling interests (net losses represented with "-" signs) | | -9,761,241.42 | -5,727,310.91 |
| VI. Other comprehensive income, net of tax | | | |
| Other comprehensive income, net of tax attributable to owners of the parent company | | | |
| (I) Other comprehensive income that cannot be reclassified into profit or loss | | | |
| 1. Changes rising from remeasurement of defined benefit plan | | | |
| 2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method | | | |
| 3. Changes in fair value of other equity instruments | | | |
| 4. Changes in fair value of the Company's own credit risk | | | |

Consolidated Income Statement

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Note 4 | Current period | Prior period |
|--|--------|----------------------|----------------------|
| (II) Other comprehensive income that can be reclassified to profit or loss | | | |
| 1. Other comprehensive income that can be reclassified to profit or loss under the equity method | | | |
| 2. Changes in fair value of other debt investments | | | |
| 3. Amount of financial assets reclassified into other comprehensive income | | | |
| 4. Credit impairment provisions for other debt investments | | | |
| 5. Reserves for cash flow hedges | | | |
| 6. Exchange difference on translation of financial statements in foreign currencies | | | |
| 7. Others | | | |
| Other comprehensive income attributable to non-controlling interests, net of tax | | | |
| VII. Total comprehensive income | | 26,769,118.15 | 44,996,433.29 |
| Attributable to shareholders of the parent company | | 36,530,359.57 | 50,723,744.20 |
| Attributable to non-controlling interests | | -9,761,241.42 | -5,727,310.91 |
| VIII. Earnings per share: | | | |
| (I) Basic earnings per share (RMB/share) | 4.55 | 0.50 | 0.68 |
| (II) Diluted earnings per share (RMB/share) | 4.55 | 0.50 | 0.68 |

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

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Company's Income Statement

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Note 15 | Amount for the current period | Amount for the previous period |
|--|---------|-------------------------------|--------------------------------|
| I. Revenue | 15.4 | 191,631,445.80 | 193,286,941.03 |
| Less: Cost of sales | 15.4 | 128,370,674.76 | 130,785,130.41 |
| Taxes and surcharges | | 2,561,069.88 | 3,245,018.31 |
| Selling and distribution expenses | | 90,226.09 | 421,415.53 |
| General and administrative expenses | | 38,256,463.25 | 33,439,820.06 |
| Research and development expenses | | 11,922,725.70 | 12,778,787.81 |
| Financial expenses | | 4,120,776.89 | 7,528,437.05 |
| Including: Interest expenses | | 9,614,227.57 | 13,692,407.18 |
| Interest income | | 7,236,569.03 | 8,491,601.94 |
| Add: Other income | | 2,672,633.24 | 2,425,821.83 |
| Investment income (losses represented with "-" signs) | 15.5 | 1,526,125.08 | 14,189,338.60 |
| Including: Investment income from associates and joint ventures | | 1,526,125.08 | 128,019.62 |
| Derecognition income of financial assets measured at the amortized cost | | | |
| Gains from net exposure hedges (losses represented with "-" signs) | | | |
| Gains from changes in fair value (losses represented with "-" signs) | | 49,582.16 | -347,402.79 |
| Credit impairment losses (losses represented with "-" signs) | | 1,715,895.58 | 6,859,241.73 |
| Asset impairment losses (losses represented with "-" signs) | | | |
| Gains from disposal of assets (losses represented with "-" signs) | | | |
| II. Operating profits (losses represented with "-" signs) | | 12,273,745.29 | 28,215,331.23 |
| Add: non-revenue | | 600.00 | |
| Less: non-operating expenses | | 149,905.92 | 321,888.39 |
| III. Total profits (losses represented with "-" signs) | | 12,124,439.37 | 27,893,442.84 |
| Less: income tax expenses | | 1,727,950.25 | -1,490,906.78 |
| IV. Net profit (losses represented with "-" signs) | | 10,396,489.12 | 29,384,349.62 |
| (I) Net profit from continuing operations (losses represented with "-" signs) | | 10,396,489.12 | 29,384,349.62 |
| (II) Net profit from discontinued operations (losses represented with "-" signs) | | | |

Company's Income Statement

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Note 15 | Amount for the current period | Amount for the previous period |
|------|---------|----------------------------------|-----------------------------------|
|------|---------|----------------------------------|-----------------------------------|

Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Note 4 | Current period | Prior period |
|--|--------|-----------------------|-----------------------|
| I. Cash flows from operating activities | | | |
| Cash received from sales of goods and rendering of services | | 906,586,410.37 | 774,736,897.94 |
| Net increase in customer deposits and interbank deposits | | | |
| Net increase in borrowings from central bank | | | |
| Net increase in placements from other financial institutions | | | |
| Cash received from original insurance contract premium | | | |
| Net cash received from reinsurance business | | | |
| Net increase in deposits and investments from policyholders | | | |
| Cash received from interest, fees and commissions | | | |
| Net increase in placements from banks and other financial institutions | | | |
| Net capital increase in repurchase business | | | |
| Net cash received from securities brokerage services | | | |
| Refund of taxes and levies | | | |
| Cash received relating to other operating activities | | 53,351,834.67 | 40,064,567.80 |
| Sub-total of cash inflows of operating activities | | 959,938,245.04 | 814,801,465.74 |
| Cash paid for goods and services | | 278,457,055.04 | 264,247,149.21 |
| Net increase in customers' loans and advances | | | |
| Net increase in deposits with central bank and other banks | | | |
| Cash paid for compensation under original insurance contract | | | |
| Net increase in placements with banks and other financial institutions | | | |
| Cash paid for interest, fees and commissions | | | |
| Cash paid for policyholders' dividends | | | |
| Cash paid to and on behalf of employees | | 342,221,800.43 | 329,971,885.59 |
| Cash paid for taxes and surcharges | | 44,199,367.80 | 40,687,505.65 |
| Cash paid relating to other operating activities | | 96,538,403.71 | 63,358,941.68 |
| Sub-total of cash outflows of operating activities | | 761,416,626.98 | 698,265,482.13 |
| Net cash flows from operating activities | | 198,521,618.06 | 116,535,983.61 |

Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Note 4 | Current period | Prior period |
|--|--------|------------------------|------------------------|
| II. Cash flows from investing activities: | | | |
| Cash received from disposal of investments | | 7,870,000.00 | |
| Cash received from returns on investments | | 5,699.09 | |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 263,925.46 | 644,865.42 |
| Net cash received from disposal of subsidiaries and other business units | | | 432,733.42 |
| Cash received relating to other investing activities | | | |
| Sub-total of cash inflows of investing activities | | 8,139,624.55 | 1,077,598.84 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 97,487,136.11 | 111,001,022.93 |
| Cash paid to acquire investments | | 7,199,999.19 | 2,000,000.00 |
| Net increase in pledged loans | | | |
| Net cash paid to acquire subsidiaries and other business units | | 17,316,274.30 | |
| Cash paid relating to other investing activities | | 13,098,602.88 | 787,500.00 |
| Sub-total of cash outflows of investing activities | | 135,102,012.48 | 113,788,522.93 |
| Net cash flows from investing activities | | -126,962,387.93 | -112,710,924.09 |
| III. Cash flows from financing activities | | | |
| Cash received from capital contributions | | 6,000,000.00 | 5,210,500.00 |
| Including: cash received from subsidiaries capital contributions by non-controlling shareholders of subsidiaries | | 6,000,000.00 | 5,210,500.00 |
| Cash received from borrowings | | 238,829,338.74 | 362,766,250.00 |
| Cash received relating to other financing activities | | 19,541,873.20 | 22,800,000.00 |
| Sub-total of cash inflows of financing activities | | 264,371,211.94 | 390,776,750.00 |
| Cash repayments of borrowings | | 179,128,598.92 | 304,772,127.25 |
| Cash payments for distribution of dividends, profits or interest expenses | | 17,913,126.07 | 43,748,490.45 |
| Including: Cash payments for distribution of dividends and profit by subsidiaries to noncontrolling shareholders | | 1,114,000.00 | 1,145,517.00 |
| Cash paid relating to other financing activities | | 61,012,338.80 | 83,915,997.58 |
| Sub-total of cash outflows of financing activities | | 258,054,063.79 | 432,436,615.28 |
| Net cash flows from financing activities | | 6,317,148.15 | -41,659,865.28 |

Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Note 4 | Current period | Prior period |
|--|--------|----------------|----------------|
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | -2,486.65 | -99,244.67 |
| V. Net increase in cash and cash equivalents | | 77,873,891.63 | -37,934,050.43 |
| Add: Cash and cash equivalents at the beginning of the period | 4.56 | 255,232,744.16 | 404,723,339.37 |
| VI. Cash and cash equivalents at the end of the period | 4.56 | 333,106,635.79 | 366,789,288.94 |

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

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Company's Statement of Cash Flows

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Note 15 | Current period | Prior period |
|---|---------|-----------------------|-----------------------|
| I. Cash flows from operating activities | | | |
| Cash received from sales of goods and rendering of services | | 204,706,377.93 | 178,625,474.28 |
| Refund of taxes and levies | | | |
| Cash received relating to other operating activities | | 223,954,868.42 | 334,259,258.00 |
| Sub-total of cash inflows of operating activities | | 428,661,246.35 | 512,884,732.28 |
| Cash paid for goods and services | | 73,535,871.41 | 66,197,024.94 |
| Cash paid to and on behalf of employees | | 92,633,698.18 | 84,545,764.25 |
| Cash paid for taxes and surcharges | | 3,772,451.41 | 2,949,959.92 |
| Cash paid relating to other operating activities | | 192,295,435.48 | 338,808,072.60 |
| Sub-total of cash outflows of operating activities | | 362,237,456.48 | 492,500,821.71 |
| Net cash flows from operating activities | | 66,423,789.87 | 20,383,910.57 |
| II. Cash flows from investing activities: | | | |
| Cash received from disposal of investments | | | |
| Cash received from returns on investments | | | 13,273,818.98 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 2,832.00 | 10,427.00 |
| Net cash received from disposal of subsidiaries and other business units | | | |
| Cash received relating to other investing activities | | | |
| Sub-total of cash inflows of investing activities | | 2,832.00 | 13,284,245.98 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | 5,284,196.52 | 1,277,334.63 |
| Cash paid to acquire investments | | 9,000,000.00 | 7,200,000.00 |
| Net cash paid to acquire subsidiaries and other business units | | | |
| Cash paid relating to other investing activities | | | |
| Sub-total of cash outflows of investing activities | | 14,284,196.52 | 8,477,334.63 |
| Net cash flows from investing activities | | -14,281,364.52 | 4,806,911.35 |

Company's Statement of Cash Flows

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Note 15 | Current period | Prior period |
|---|---------|-----------------------|-----------------------|
| III. Cash flows from financing activities | | | |
| Cash received from capital contributions | | | |
| Cash received from borrowings | | 113,720,000.00 | 293,000,000.00 |
| Cash received relating to other financing activities | | | |
| Sub-total of cash inflows of financing activities | | 113,720,000.00 | 293,000,000.00 |
| Cash repayments of borrowings | | 117,350,000.00 | 276,792,127.25 |
| Cash payments for distribution of dividends, profits or interest expenses | | 11,533,957.02 | 35,406,263.84 |
| Cash paid relating to other financing activities | | 16,069,212.44 | 25,472,250.00 |
| Sub-total of cash outflows of financing activities | | 144,953,169.46 | 337,670,641.09 |
| Net cash flows from financing activities | | -31,233,169.46 | -44,670,641.09 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | -2,486.65 | -119,720.72 |
| V. Net increase in cash and cash equivalents | | 20,906,769.24 | -19,599,539.89 |
| Add: Cash and cash equivalents at the beginning of the period | | 110,788,421.25 | 185,475,808.48 |
| VI. Cash and cash equivalents at the end of the period | | 131,695,190.49 | 165,876,268.59 |

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

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Consolidated Statement of Changes in Shareholders' Equity

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Amount for the current period | | | | | | | | | | | |
|--|-------------------------------|------------------|--------------------------|------------------|-----------------------|----------------------------|------------------|------------------|----------------------------|-------------------|----------------|------------------|
| | Share capital | Preferred shares | Other equity instruments | Capital reserves | Less: treasury stocks | Other comprehensive income | Special reserves | Surplus reserves | Provision for general risk | Retained earnings | Subtotal | Minority equity |
| I. Balance as at the end of the previous year | 72,670,000.00 | | | 790,024,238.03 | 22,366,848.64 | | 38,399,577.13 | 344,285,828.01 | | 1,223,012,794.53 | 120,288,886.30 | 1,343,301,680.83 |
| Add: changes in accounting policies | | | | | | | | | | | | |
| Correction of accounting errors in prior year | | | | | | | | | | | | |
| Business contribution under common control | | | | | | | | | | | | |
| Others | | | | | | | | | | | | |
| II. Balance as at the beginning of the current year | 72,670,000.00 | | | 790,024,238.03 | 22,366,848.64 | | 38,399,577.13 | 344,285,828.01 | | 1,223,012,794.53 | 120,288,886.30 | 1,343,301,680.83 |
| III. Increases/decreases in the current period ("+" for increases) | -311,100.00 | | | -107,455.91 | | | | 14,729,353.57 | | 14,310,603.86 | 2,684,714.73 | 16,975,518.39 |
| (I) Total comprehensive income | | | | | | | | 36,530,353.57 | | 36,530,353.57 | -9,761,241.42 | 26,769,112.15 |
| (II) Capital contributed or decreased by owners | -311,100.00 | | | -107,455.91 | | | | | | -416,555.91 | 12,425,956.15 | 12,007,400.24 |
| 1. Common stock contributed by owners | -311,100.00 | | | -2,939,289.96 | | | | | | -3,250,389.96 | 12,425,956.15 | 9,175,557.19 |
| 2. Capital contributed by the holders of other equity instruments | | | | | | | | | | | | |
| 3. Amounts of share-based payments recognised in shareholders' equity | | | | | | | | | | | | |
| 4. Others | | | | 2,831,843.05 | | | | | | 2,831,843.05 | | 2,831,843.05 |
| (III) Profit distribution | | | | | | | | -21,801,000.00 | | -21,801,000.00 | | -21,801,000.00 |
| 1. Withdrawal of surplus reserves | | | | | | | | | | | | |
| 2. Withdrawal of provision for general risk | | | | | | | | | | | | |
| 3. Profit distributed to owners (or shareholders) | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | |
| (IV) Internal carry-forward of shareholders' equity | | | | | | | | | | | | |
| 1. Conversion of capital reserves into paid-in capital (or share capital) | | | | | | | | | | | | |
| 2. Conversion of surplus reserves into paid-in capital (or share capital) | | | | | | | | | | | | |
| 3. Surplus reserves offsetting losses | | | | | | | | | | | | |
| 4. Carry-forward of changes in the defined benefit plan to retained earnings | | | | | | | | | | | | |
| 5. Carry-forward of other comprehensive income to retained earnings | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | |
| (V) Special reserves | | | | | | | | | | | | |
| 1. Withdrawal for the period | | | | | | | | | | | | |
| 2. Usage for the period | | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | | |
| IV. Balance as at the end of the current period | 72,358,900.00 | | | 789,916,782.12 | 22,366,848.64 | | 38,399,577.13 | 359,015,181.58 | | 1,237,323,598.19 | 122,953,611.03 | 1,360,277,209.22 |

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

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Consolidated Statement of Changes in Shareholders' Equity

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Amount for the previous period | | | | | | | | | | | | | |
|--|--------------------------------|------------------|-----------------|--------------------------|------------------|-----------------------|----------------------------|------------------|------------------|----------------------------|-------------------|------------------|-----------------|----------------------------|
| | Share capital | Preferred shares | Perpetual bonds | Other equity instruments | Capital reserves | Less: treasury stocks | Other comprehensive income | Special reserves | Surplus reserves | Provision for general risk | Retained earnings | Subtotal | Minority equity | Total shareholders' equity |
| I. Balance as at the end of the previous year | 74,600,300.00 | | | | 662,695,601.69 | 12,587,011.74 | | | 38,389,577.13 | | 311,956,229.16 | 1,285,064,696.24 | 143,141,230.38 | 1,408,205,946.82 |
| Add: changes in accounting policies | | | | | | | | | | | | | | |
| Correction of accounting errors in prior year | | | | | | | | | | | | | | |
| Business contribution under common control | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | |
| II. Balance as at the beginning of the current year | 74,600,300.00 | | | | 662,695,601.69 | 12,587,011.74 | | | 38,389,577.13 | | 311,956,229.16 | 1,285,064,696.24 | 143,141,230.38 | 1,408,205,946.82 |
| III. Increases/decreases in the current period ^(*) for decreases | | | | | -11,942,120.35 | -9,440,179.03 | | | | | 28,343,654.20 | 25,841,712.28 | -7,585,802.94 | 18,255,909.34 |
| (I) Total comprehensive income | | | | | | | | | | | 50,723,744.20 | 50,723,744.20 | -5,727,310.91 | 44,996,433.29 |
| (II) Capital contributed or decreased by owners | | | | | -8,666,709.51 | -9,440,179.03 | | | | | | 873,469.52 | 1,033,024.97 | 1,906,494.49 |
| 1. Common stock contributed by owners | | | | | | | | | | | | | | |
| 2. Capital contributed by the holders of other equity instruments | | | | | | | | | | | | | | |
| 3. Amounts of state-based payments recognised in owner's equity | | | | | -9,334,383.19 | -9,440,179.03 | | | | | | 105,735.84 | 1,033,024.97 | 1,138,820.81 |
| 4. Others | | | | | 767,673.68 | | | | | | | 767,673.68 | | 767,673.68 |
| (III) Profit distribution | | | | | | | | | | | -22,380,090.00 | -22,380,090.00 | -2,891,517.00 | -25,271,607.00 |
| 1. Withdrawal of surplus reserves | | | | | | | | | | | | | | |
| 2. Withdrawal of provision for general risk | | | | | | | | | | | | | | |
| 3. Profit distributed to owners (or shareholders) | | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | | |
| (IV) Internal carry-forward of shareholders' equity | | | | | | | | | | | | | | |
| 1. Conversion of capital reserves into paid-in capital (or share capital) | | | | | | | | | | | | | | |
| 2. Conversion of surplus reserves into paid-in capital (or share capital) | | | | | | | | | | | | | | |
| 3. Surplus reserves offsetting losses | | | | | | | | | | | | | | |
| 4. Carry-forward of changes in the defined benefit plan to retained earnings | | | | | | | | | | | | | | |
| 5. Carry-forward of other comprehensive income to retained earnings | | | | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | | | | |
| (V) Special reserves | | | | | | | | | | | | | | |
| 1. Withdrawal for the period | | | | | -3,375,411.44 | | | | | | | | | -3,375,411.44 |
| 2. Usage for the period | | | | | 840,753,480.74 | 3,146,827.1 | | | 38,389,577.13 | | -22,380,090.00 | -22,380,090.00 | -2,891,517.00 | -25,271,607.00 |
| (VI) Others | | | | | | | | | | | | | | |
| IV. Balance as at the end of the current period | 74,600,300.00 | | | | 644,753,480.74 | 3,146,827.1 | | | 38,389,577.13 | | -22,380,090.00 | -22,380,090.00 | -2,891,517.00 | 637,737,027.87 |

Parent Company's Statement of Changes in Shareholders' Equity

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Amount for the current period | | | | | | Total shareholders' equity |
|---|-------------------------------|------------------|-----------------|--------------------------|-----------------------|----------------------------|----------------------------|
| | Share capital | Preferred shares | Perpetual bonds | Other equity instruments | Less: treasury stocks | Other comprehensive income | |
| I. Balance as at the end of the previous year | 72,670,000.00 | | | | | | |
| Add: changes in accounting policies | | | | | | | |
| Correction of accounting errors in prior year | | | | | | | |
| Others | | | | | | | |
| II. Balance as at the beginning of the current year | 72,670,000.00 | | | | | | |
| III. Increases/Decreases in the current period (**): for decreases) | -311,100.00 | | | | | | |
| (I) Total comprehensive income | | | | | | | |
| (II) Capital contributed or decreased by owners | -311,100.00 | | | | | | |
| 1. Common stock contributed by owners | -311,100.00 | | | | | | |
| 2. Capital contributed by the holders of other equity instruments | | | | | | | |
| 3. Amounts of share-based payments recognised in shareholders' equity | | | | | | | |
| 4. Others | | | | | | | |
| (III) Profit distribution | | | | | | | |
| 1. Withdrawal of surplus reserves | | | | | | | |
| 2. Profit distributed to owners or shareholders | | | | | | | |
| 3. Others | | | | | | | |
| (IV) Internal carry-forward of shareholders' equity | | | | | | | |
| 1. Conversion of capital reserves into paid-in capital (or state capital) | | | | | | | |
| 2. Conversion of surplus reserves into paid-in capital (or state capital) | | | | | | | |
| 3. Surplus reserves offsetting losses | | | | | | | |
| 4. Carry-forward of changes in the defined benefit plan for retained earnings | | | | | | | |
| 5. Carry-forward of other comprehensive income for retained earnings | | | | | | | |
| 6. Others | | | | | | | |
| (V) Special reserves | | | | | | | |
| 1. Withdrawal for the period | | | | | | | |
| 2. Usage for the period | | | | | | | |
| (VI) Others | | | | | | | |
| IV. Balance as at the end of the current period | 72,358,900.00 | | | | | | |

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

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

| | | | |
|----------------------------|---------------|----------------|------------------|
| Special reserves | 38,399,577.13 | 277,528,906.80 | 1,198,097,844.66 |
| Surplus reserves | | | |
| Retained earnings | | | |
| Total shareholders' equity | | | |

Parent Company's Statement of Changes in Shareholders' Equity

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| Item | Other equity instruments | | | | | Prior period | | | | Total shareholders' equity | |
|---|--------------------------|------------------|-----------------|--------|------------------|-----------------------|----------------------------|------------------|------------------|----------------------------|-------------------|
| | Share capital | Preferred shares | Perpetual bonds | Others | Capital reserves | Less: treasury stocks | Other comprehensive income | Special reserves | Surplus reserves | | Retained earnings |
| I. Balance as at the end of the previous year | 74,600,300.00 | | | | 871,230,028.64 | 12,587,011.74 | | | 38,399,577.13 | 284,123,941.46 | 1,255,767,435.49 |
| Add: changes in accounting policies | | | | | | | | | | | |
| Correction of accounting errors in prior year | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Balance as at the beginning of the current year | 74,600,300.00 | | | | 871,230,028.64 | 12,587,011.74 | | | 38,399,577.13 | 284,123,941.46 | 1,255,767,435.49 |
| III. Increases/Decreases in the current period (**): for decreases | | | | | | | | | | | |
| (I) Total comprehensive income | | | | | -8,566,709.51 | -9,440,179.03 | | | | 7,004,259.62 | 7,877,729.14 |
| (II) Capital contributed or decreased by owners | | | | | -8,566,709.51 | -9,440,179.03 | | | | 29,384,349.62 | 29,384,349.62 |
| 1. Common stock contributed by owners | | | | | | | | | | | |
| 2. Capital contributed by the holders of other equity instruments | | | | | -9,394,383.19 | -9,440,179.03 | | | | | 105,795.84 |
| 3. Amounts of share-based payments recognised in shareholders' equity | | | | | | | | | | | |
| 4. Others | | | | | 767,673.68 | | | | | | 767,673.68 |
| (III) Profit distribution | | | | | | | | | | -22,380,080.00 | -22,380,080.00 |
| 1. Withdrawal of surplus reserves | | | | | | | | | | | |
| 2. Profit distributed to owners or shareholders | | | | | | | | | | | |
| 3. Others | | | | | | | | | | | |
| (IV) Internal carry-forward of shareholders' equity | | | | | | | | | | | |
| 1. Conversion of capital reserves into paid-in capital (or share capital) | | | | | | | | | | | |
| 2. Conversion of surplus reserves into paid-in capital (or share capital) | | | | | | | | | | | |
| 3. Surplus reserves offsetting losses | | | | | | | | | | | |
| 4. Carry-forward of changes in the defined benefit plan for retained earnings | | | | | | | | | | | |
| 5. Carry-forward of other comprehensive income for retained earnings | | | | | | | | | | | |
| 6. Others | | | | | | | | | | | |
| (V) Special reserves | | | | | | | | | | | |
| 1. Withdrawal for the period | | | | | | | | | | | |
| 2. Usage for the period | | | | | | | | | | | |
| (VI) Others | | | | | | | | | | | |
| IV. Balance as at the end of the current period | 74,600,300.00 | | | | 862,663,319.13 | 3,146,832.71 | | | 38,399,577.13 | 291,128,201.08 | 1,263,645,164.63 |

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

Legal Representative:
GUAN Weili

Principal in Charge of Accounting:
JIN Hui

Head of the Accounting Department:
WANG Minhui

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

1 Company profile

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

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

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

As at 30 June 2025, the Company’s accumulative total issued share capital was 72,358,900 shares and the Company’s registered capital was RMB72,358,900.

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

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

The actual controlling person of the Company is Guan Weili and his spouse Wang Lianyue.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

2 Basis for preparation of the financial statements

2.1 Basis for preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards and various specific accounting standards, application guidance for the Accounting Standards for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereafter collectively referred to as the “Accounting Standards for Business Enterprises”), and the relevant requirements of *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports* issued by the China Securities Regulatory Commission. In addition, these financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

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

The accounting policies adopted in these financial statements are consistent with those adopted in the Group’s financial statements for the year 2024. The interim financial statements of the Group shall be read together with the financial statements for the year 2024.

2.2 Going concern

The financial statements are prepared on a going concern basis.

2.3 Statements of compliance with the Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and the parent company’s financial position of the Company as at 30 June 2025, and the consolidated and the parent company’s operating results and cash flows for the year then ended.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

3 Taxation

3.1 Main tax types and tax rates

| Tax type | Basis of tax assessment | Tax rate |
|---------------------------------------|--|---------------|
| Value-added tax | Value-added tax payable shall be the difference obtained by the output taxes calculated based on the income from the sale of goods and taxable services as computed by tax laws less the input taxes allowed to be deducted for the current period | 3%, 6% or 13% |
| City maintenance and construction tax | The amount of VAT actually paid | 7% |
| Educational surcharge | The amount of VAT actually paid | 3% |
| Local educational surcharge | The amount of VAT actually paid | 2% |
| Enterprise income tax | Based on taxable income | 15% or 25% |
| Property tax | 70% of the original value of the property or the rental income | 1.2% or 12% |

Notes to disclosure of enterprises with different enterprise income tax rates

| Taxpayer | Income tax rate |
|--|-----------------|
| Wenzhou Kangning Hospital Co., Ltd. | 15% |
| Zhejiang Jerinte Health Technology Co., Ltd. | 15% |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

3 Taxation (*Continued*)

3.2 Tax preferences

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.2 Financial assets held for trading

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|---|---|--|
| Financial assets measured at fair value through the current profit or loss | 21,325,265.41 | 7,938,322.41 |
| Including: equity instrument investments | 8,255,855.31 | 7,938,322.41 |
| Others | 13,069,410.10 | |
| Total | 21,325,265.41 | 7,938,322.41 |

4.3 Notes receivable

4.3.1 Presentation of notes receivable by category

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|-----------------------|---|--|
| Bank acceptance bills | | 663,798.83 |
| Total | | 663,798.83 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.4 Accounts receivable (Continued)

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

| Type | Balance as at the end of the period | | | | | Balance as at the end of the previous year | | | | |
|---|-------------------------------------|----------------|-------------------------|-----------------------------|-----------------------|--|----------------|-------------------------|-----------------------------|-----------------------|
| | Book balance | | Provision for bad debts | | Book value | Book balance | | Provision for bad debts | | Book value |
| | Amount | Proportion (%) | Amount | Proportion of provision (%) | | Amount | Proportion (%) | Amount | Proportion of provision (%) | |
| Provision for bad debts accrued on an individual basis | 14,298,993.08 | 3.17 | 10,202,247.81 | 71.35 | 4,096,745.27 | 12,375,105.95 | 2.04 | 12,337,791.47 | 99.70 | 37,314.48 |
| Including: | | | | | | | | | | |
| Medical fees due from patients | 14,298,993.08 | 3.17 | 10,202,247.81 | 71.35 | 4,096,745.27 | 12,375,105.95 | 2.04 | 12,337,791.47 | 99.70 | 37,314.48 |
| Provision for bad debts by portfolio with the credit risk characteristics | 437,038,144.17 | 96.83 | 21,222,231.02 | 4.86 | 415,815,913.15 | 593,170,465.27 | 97.96 | 21,394,822.78 | 3.61 | 571,775,642.49 |
| Including: | | | | | | | | | | |
| Portfolio of overdue days | 437,038,144.17 | 96.83 | 21,222,231.02 | 4.86 | 415,815,913.15 | 593,170,465.27 | 97.96 | 21,394,822.78 | 3.61 | 571,775,642.49 |
| Total | 451,337,137.25 | 100.00 | 31,424,478.83 | / | 419,912,658.42 | 605,545,571.22 | 100.00 | 33,732,614.25 | / | 571,812,956.97 |

Significant accounts receivable with individual provision for bad debts:

| Name | Balance as at the end of the period | | | | Balance as at the end of the previous year | |
|--------------------------------|-------------------------------------|-------------------------|-----------------------------|---|--|-------------------------|
| | Book balance | Provision for bad debts | Proportion of provision (%) | Basis of provision | Book balance | Provision for bad debts |
| Medical fees due from patients | 14,298,993.08 | 10,202,247.81 | 71.35 | Provision for bad debts for lifetime expected credit loss | 12,375,105.95 | 12,337,791.47 |
| Total | 14,298,993.08 | 10,202,247.81 | / | / | 12,375,105.95 | 12,337,791.47 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.4 Accounts receivable *(Continued)*

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

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

Item accrued on a portfolio basis:

| Name | Balance as at the end of the period | | |
|---------------------------|-------------------------------------|-------------------------|-----------------------------|
| | Accounts receivable | Provision for bad debts | Proportion of provision (%) |
| Portfolio of overdue days | 437,038,144.17 | 21,222,231.02 | 4.86 |
| Total | 437,038,144.17 | 21,222,231.02 | / |

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

| Type | Balance as at the end of the previous year | Changes in the current period | | | Balance as at the end of the period | |
|--|--|-------------------------------|----------------------|-----------------------------|-------------------------------------|---------------|
| | | Provision | Recovery or reversal | Written-back or written-off | | Other changes |
| Provision for bad debts accrued on an individual basis | 12,337,791.47 | 378,773.79 | | 2,514,317.45 | 10,202,247.81 | |
| Provision for bad debts accrued on a portfolio basis | 21,394,822.78 | | 216,979.05 | | 44,387.29 | 21,222,231.02 |
| Total | 33,732,614.25 | 378,773.79 | 216,979.05 | 2,514,317.45 | 44,387.29 | 31,424,478.83 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.4 Accounts receivable *(Continued)*

4.4.4 Accounts receivable actually charged off in the current period

| Item | Charge-off amount |
|--|-------------------|
| Accounts receivable actually charged off | 2,514,317.45 |

In which, charge-off of significant accounts receivable:

| Enterprise name | Nature of accounts receivable | Charge-off amount | Reason for charge-off | Charge-off procedures performed | Whether it is due to the related transaction |
|--------------------------------|-------------------------------|-------------------|----------------------------|-------------------------------------|--|
| Medical fees due from patients | Receivables from patients | 2,514,317.45 | Aging of more than 3 years | Upon the approval of the management | No |
| Total | | 2,514,317.45 | | | |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.6 Other receivables

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|----------------------|---|--|
| Interest receivable | 787,500.00 | 787,500.00 |
| Dividends receivable | | |
| Other receivables | 98,482,139.12 | 80,567,441.59 |
| Total | 99,269,639.12 | 81,354,941.59 |

4.6.1 Interest receivable

(1) Classification of interest receivable

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.6 Other receivables (*Continued*)

4.6.2 Other receivables

(1) Disclosure by aging

| Aging | Balance as at the end of the period | Balance as at the end of the previous year |
|-------------------------------|---|--|
| Within 1 year | 36,675,877.81 | 25,849,875.86 |
| 1 – 2 years | 25,475,912.36 | 49,150,437.26 |
| 2 – 3 years | 27,895,925.57 | 12,039,651.89 |
| 3 – 4 years | 18,147,350.71 | 8,603,521.35 |
| 4 – 5 years | 2,850,079.24 | 4,769,598.96 |
| Over 5 years | 3,825,842.58 | 4,306,969.79 |
| Sub-total | 114,870,988.27 | 104,720,055.11 |
| Less: provision for bad debts | 16,388,849.15 | 24,152,613.52 |
| Total | 98,482,139.12 | 80,567,441.59 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.6 Other receivables (Continued)

4.6.2 Other receivables (Continued)

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

| Category | Balance as at the end of the period | | | | | Balance as at the end of the previous year | | | | |
|---|-------------------------------------|----------------|-------------------------|-----------------------------|----------------------|--|----------------|-------------------------|-----------------------------|----------------------|
| | Book balance | | Provision for bad debts | | Book value | Book balance | | Provision for bad debts | | Book value |
| | Amount | Proportion (%) | Amount | Proportion of provision (%) | | Amount | Proportion (%) | Amount | Proportion of provision (%) | |
| Provision for bad debts accrued on an individual basis | 13,694,758.77 | 11.92 | 13,694,758.77 | 100.00 | | 21,694,758.77 | 20.72 | 21,694,758.77 | 100.00 | |
| Including: | | | | | | | | | | |
| Hangzhou Yining Hospital Co., Ltd. | | | | | | 8,000,000.00 | 7.64 | 8,000,000.00 | 100.00 | |
| Sichuan Hongji Pharmaceutical Co., Ltd. | 10,204,311.69 | 8.88 | 10,204,311.69 | 100.00 | | 10,204,311.69 | 9.74 | 10,204,311.69 | 100.00 | |
| Wang Changsheng | 3,490,447.08 | 3.04 | 3,490,447.08 | 100.00 | | 3,490,447.08 | 3.33 | 3,490,447.08 | 100.00 | |
| Provision for bad debts by portfolio with the credit risk characteristics | 101,176,229.50 | 88.08 | 2,694,090.38 | 2.66 | 98,482,139.12 | 83,025,296.34 | 79.28 | 2,457,854.75 | 2.96 | 80,567,441.59 |
| Including: | | | | | | | | | | |
| Portfolio of the nature and characteristics of payments | 101,176,229.50 | 88.08 | 2,694,090.38 | 2.66 | 98,482,139.12 | 83,025,296.34 | 79.28 | 2,457,854.75 | 2.96 | 80,567,441.59 |
| Total | 114,870,988.27 | 100.00 | 16,388,849.15 | / | 98,482,139.12 | 104,720,055.11 | 100.00 | 24,152,613.52 | / | 80,567,441.59 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.6 Other receivables *(Continued)*

4.6.2 Other receivables *(Continued)*

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

Significant other receivables with individual provision for bad debts:

| Name | Balance as at the end of the period | | | Balance as at the end of the previous year | | |
|---|-------------------------------------|-------------------------|-----------------------------|--|---------------|-------------------------|
| | Book balance | Provision for bad debts | Proportion of provision (%) | Basis of provision | Book balance | Provision for bad debts |
| Hangzhou Yining Hospital Co., Ltd. | | | | Measurement of provision for bad debts for lifetime expected credit loss | 8,000,000.00 | 8,000,000.00 |
| Sichuan Hongji Pharmaceutical Co., Ltd. | 10,204,311.69 | 10,204,311.69 | 100.00 | Expected to be difficult to recover | 10,204,311.69 | 10,204,311.69 |
| Wang Changsheng | 3,490,447.08 | 3,490,447.08 | 100.00 | Expected to be difficult to recover | 3,490,447.08 | 3,490,447.08 |
| Total | 13,694,758.77 | 13,694,758.77 | / / | | 21,694,758.77 | 21,694,758.77 |

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

Item accrued on a portfolio basis:

| Name | Balance as at the end of the period | | |
|---|-------------------------------------|-------------------------|-----------------------------|
| | Other receivables | Provision for bad debts | Proportion of provision (%) |
| Portfolio of the nature and characteristics of payments | 101,176,229.50 | 2,694,090.38 | 2.66 |
| Total | 101,176,229.50 | 2,694,090.38 | / |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.6 Other receivables (*Continued*)

4.6.2 Other receivables (*Continued*)

(3) Information of provision for bad debts

| | Stage I | Stage II | Stage III | |
|--|--|---|--|---------------|
| | Expected credit loss in the next 12 months | Lifetime expected credit loss (without credit impairment) | Lifetime expected credit loss (with credit impairment) | Total |
| Provision for bad debts | | | | |
| Balance as at the end of the previous year | 2,457,854.75 | | 21,694,758.77 | 24,152,613.52 |
| In current period, balance as at the end of the previous year | | | | |
| – Transferred to Stage II | | | | |
| – Transferred to Stage III | | | | |
| – Reversed to Stage II | | | | |
| – Reversed to Stage I | | | | |
| Provision in the current period | 617,967.49 | | | 617,967.49 |
| Reversal in the current period | 396,644.67 | | 8,000,000.00 | 8,396,644.67 |
| Written back in the current period | | | | |
| Written off in the current period | 2,000.00 | | | 2,000.00 |
| Other changes | | | | |
| Balance as at the end of the period | 2,694,090.38 | | 13,694,758.77 | 16,388,849.15 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.6 Other receivables (*Continued*)

4.6.2 Other receivables (*Continued*)

(3) Information of provision for bad debts (*Continued*)

Changes in the book balance of other receivables are as follows:

| | Stage I | Stage II | Stage III | |
|--|---|---|--|----------------|
| | | Lifetime expected credit loss (without credit impairment) | Lifetime expected credit loss (with credit impairment) | Total |
| Book balance | Expected credit losses in the next 12 months | | | |
| Balance as at the end of the previous year | 83,025,296.34 | | 21,694,758.77 | 104,720,055.11 |
| In current period, balance as at the end of the previous year | | | | |
| – Transferred to Stage II | | | | |
| – Transferred to Stage III | | | | |
| – Reversed to Stage II | | | | |
| – Reversed to Stage I | | | | |
| Addition for the current period | 18,150,933.16 | | | 18,150,933.16 |
| Derecognised in the current period | | | 8,000,000.00 | 8,000,000.00 |
| Other changes | | | | |
| Balance as at the end of the period | 101,176,229.50 | | 13,694,758.77 | 114,870,988.27 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.6 Other receivables (Continued)

4.6.2 Other receivables (Continued)

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

| Category | Balance as at the end of the previous year | Changes in the current period | | | Balance as at the end of the period |
|--|--|-------------------------------|-------------------------|---|---|
| | | Provision | Recovery or reversal | Write-off or charge-off Other changes | |
| Provision for bad debts accrued on an individual basis | 21,694,758.77 | | 8,000,000.00 | | 13,694,758.77 |
| Provision for bad debts accrued on a portfolio basis | 2,457,854.75 | 617,967.49 | 396,644.67 | 2,000.00 | 2,694,090.38 |
| Total | 24,152,613.52 | 617,967.49 | 8,396,644.67 | 2,000.00 | 16,388,849.15 |

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

| Item | Amount charged off |
|--|--------------------|
| Other receivables actually charged off | 2,000.00 |

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

| Nature of payment | Book balance as at the end of the year | Book balance as at the end of the previous year |
|----------------------------------|--|---|
| Deposit and security deposit | 41,187,790.05 | 19,433,847.49 |
| Staff loans | 36,116,029.82 | 38,067,000.00 |
| Loans | | 3,878,281.89 |
| Advanced payment | 48,709.70 | 256,914.93 |
| Receivables from related parties | 33,163,920.31 | 39,121,016.95 |
| Others | 4,354,538.39 | 3,962,993.85 |
| Total | 114,870,988.27 | 104,720,055.11 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.7 Inventories

| Category | Balance as at the end of the period | | Balance as at the end of the previous year | | | |
|------------------------|-------------------------------------|---|--|---------------|---|---------------|
| | Book balance | Provision for inventory depreciation/ Provision for impairment of contract performance cost | Book value | Book balance | Provision for inventory depreciation/ Provision for impairment of contract performance cost | Book value |
| Revolving materials | 1,613,330.77 | | 1,613,330.77 | 657,701.74 | | 657,701.74 |
| Commodities dispatched | 4,122,566.17 | | 4,122,566.17 | 1,819,908.26 | | 1,819,908.26 |
| Stock commodities | 43,901,765.62 | | 43,901,765.62 | 48,151,521.38 | | 48,151,521.38 |
| Total | 49,637,662.56 | | 49,637,662.56 | 50,629,131.38 | | 50,629,131.38 |

4.8 Other current assets

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|-------------------------------|-------------------------------------|--|
| Input tax to be deducted | 8,631,560.30 | 3,761,468.41 |
| Enterprise income tax prepaid | 12,210.28 | |
| Deferred expenses | 1,237,515.04 | 2,097,885.50 |
| Total | 9,881,285.62 | 5,859,353.91 |

4.9 Long-term accounts receivables

| Item | Balance as at the end of the period | | | Balance as at the end of the previous year | | | |
|--------------------------------|-------------------------------------|-------------------------|------------|--|-------------------------|---------------|----------------------------|
| | Book balance | Provision for bad debts | Book value | Book balance | Provision for bad debts | Book value | Interval for discount rate |
| Receivables on equity transfer | | | | 14,000,000.00 | | 14,000,000.00 | |
| Total | | | | 14,000,000.00 | | 14,000,000.00 | |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.10 Long-term equity investments

| Investee | Balance as at the end of the previous year | Increase/decrease in current year | | | | | | Balance as at the end of the period | Provision for impairment Balance as at the end of the period |
|---|--|--|-----------------------|---------------------|--|--|--|-------------------------------------|--|
| | | Balance of provision for impairment as at the end of the previous year | Additional investment | Reduced investment | Profit or loss on investments recognised under the equity method | Adjustment to other comprehensive income | Changes in other equity declared to be distributed | | |
| Associates | | | | | | | | | |
| Hangzhou Aiken Medical Technology Co., Ltd. ("Hangzhou Aiken Medical Technology") | 6,889,165.91 | | | | 1,733,956.37 | | | 8,603,122.28 | |
| Wenzhou Longwan Yining Hospital Co., Ltd. ("Wenzhou Longwan Yining Hospital") | 56,424,778.61 | | | | -207,831.29 | | | 56,216,947.32 | |
| Shaanxi Shanda Hospital Management Consulting Co., Ltd. ("Shaanxi Shanda") | 21,989,636.75 | | | | -626,023.17 | | | 21,363,613.58 | |
| Chongqing Hechuan Kangning Hospital Co., Ltd. ("Chongqing Hechuan Kangning Hospital") | 16,992,584.03 | 10,745,274.26 | 8,000,000.00 | | -1,710,890.90 | | | 7,281,683.13 | 5,983,353.47 |
| Zhejiang Fongsheng Nutrition Technology Co., Ltd. ("Fongsheng Nutrition Technology") | 4,911,260.44 | | | | -298,297.84 | | | 4,612,962.60 | |
| Wenzhou Ouyue Health Management Co., Ltd. ("Wenzhou Ouyue Health") | 2,971,833.72 | 1,200,000.00 | | | -97,071.24 | | | 4,074,762.48 | |
| Hangzhou Yining Mental Health Management Co., Ltd. ("Hangzhou Yining Mental") | | | | | | | | | |
| Total | 110,159,259.46 | 10,745,274.26 | 1,200,000.00 | 8,000,000.00 | -1,206,156.07 | | | 102,153,101.39 | 5,983,353.47 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.10 Long-term equity investments *(Continued)*

Other description:

- In May 2025, Chongqing Hechuan Kangning Hospital reduced its capital by RMB20,000,000.00 in accordance with the resolution of the shareholders' meeting according to the shareholders' shareholding ratio, of which the Company was entitled to a capital reduction of RMB8,000,000.00 based on its 40% shareholding ratio, resulting in a corresponding reduction of the long-term equity investments by RMB8,000,000.00 and the corresponding provision for impairment of the long-term equity investments by RMB4,761,920.79.
- In June 2025, pursuant to the resolution of the shareholders' meeting of Wenzhou Ouyue Health, the Company injected RMB1,200,000 to Wenzhou Ouyue Health. After the injection, the Company held 41.67% equity in Wenzhou Ouyue Health.
- In April 2025, the Company entered into an equity transfer agreement with the individual investors, pursuant to which the Company agreed to transfer 27% of its equity interest in Hangzhou Yining Mental for a total consideration of RMB270,000. After the transaction, the Company gained investment income of RMB270,000.

4.11 Other non-current financial assets

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|---|---|--|
| Financial assets measured at fair value through the current profit or loss | 36,804,698.26 | 36,755,116.10 |
| Including: equity instrument investments | 36,804,698.26 | 36,755,116.10 |
| Total | 36,804,698.26 | 36,755,116.10 |

4.12 Fixed assets

4.12.1 Fixed assets and disposal of fixed assets

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|--------------------------|---|--|
| Fixed assets | 874,140,219.23 | 889,544,442.13 |
| Disposal of fixed assets | | |
| Total | 874,140,219.23 | 889,544,442.13 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.12 Fixed assets (Continued)

4.12.2 Breakdown of fixed assets

| Item | Buildings and constructions | Medical equipment | Transportation facilities | Electronic and other equipment | Fixed assets acquired under leaseback after sale and finance lease | Total |
|---|-----------------------------|-------------------|---------------------------|--------------------------------|--|------------------|
| 1. Original book value | | | | | | |
| (1) Balance as at the end of the previous year | 979,979,414.92 | 86,353,056.93 | 13,125,329.74 | 76,920,085.06 | 92,932,472.62 | 1,249,310,359.27 |
| (2) Increase in the current period | 379,518.29 | 12,177,316.32 | 1,227,958.34 | 7,116,906.53 | | 20,901,699.48 |
| – Purchase | 379,518.29 | 5,576,860.91 | 557,893.71 | 4,591,290.58 | | 11,105,563.49 |
| – Increase due to business combination | | 6,600,455.41 | 670,064.63 | 2,525,615.95 | | 9,796,135.99 |
| (3) Decrease in the current period | 3,700.00 | 9,828,756.73 | 159,021.00 | 1,334,437.32 | 2,161,074.07 | 13,486,989.12 |
| – Disposal or scrapping | 3,700.00 | 9,828,756.73 | 159,021.00 | 1,334,437.32 | 2,161,074.07 | 13,486,989.12 |
| (4) Balance as at the end of the period | 980,355,233.21 | 88,701,616.52 | 14,194,267.08 | 82,702,554.27 | 90,771,398.55 | 1,256,725,069.63 |
| 2. Accumulated depreciation | | | | | | |
| (1) Balance as at the end of the previous year | 163,887,790.06 | 66,525,538.38 | 9,626,358.93 | 58,754,632.61 | 60,971,597.16 | 359,765,917.14 |
| (2) Increase in the current period | 14,649,924.47 | 10,611,190.05 | 1,275,299.14 | 7,538,916.05 | 1,726,023.67 | 35,801,353.38 |
| – Provision | 14,649,924.47 | 5,120,750.27 | 772,756.35 | 5,354,174.25 | 1,726,023.67 | 27,623,629.01 |
| – Increase due to business combination | | 5,490,439.78 | 502,542.79 | 2,184,741.80 | | 8,177,724.37 |
| (3) Decrease in the current period | | 9,394,172.53 | 151,069.95 | 1,276,636.91 | 2,160,540.73 | 12,982,420.12 |
| – Disposal or scrapping | | 9,394,172.53 | 151,069.95 | 1,276,636.91 | 2,160,540.73 | 12,982,420.12 |
| (4) Balance as at the end of the period | 178,537,714.53 | 67,742,555.90 | 10,750,588.12 | 65,016,911.75 | 60,537,080.10 | 382,584,850.40 |
| 3. Provision for impairment | | | | | | |
| (1) Balance as at the end of the previous year | | | | | | |
| (2) Increase in the current period | | | | | | |
| (3) Decrease in the current period | | | | | | |
| (4) Balance as at the end of the period | | | | | | |
| 4. Book value | | | | | | |
| (1) Book value as at the end of the period | 801,817,518.68 | 20,959,060.62 | 3,443,678.96 | 17,685,642.52 | 30,234,318.45 | 874,140,219.23 |
| (2) Book value as at the end of the previous year | 816,091,624.86 | 19,827,518.55 | 3,498,970.81 | 18,165,452.45 | 31,960,875.46 | 889,544,442.13 |



Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.13 Construction in progress (Continued)

4.13.3 Changes in important construction projects in progress in current period

| Project name | Budget (RMB 0,000) | Balance as at the end of the previous year | Increase in current period | Amount transferred to fixed assets in current period | Other decreases in current period | Balance as at the end of the period | Proportion of accumulated project investment in budget (%) | Project progress (%) | Accumulated capitalised amount of interest | Including: capitalization amount of interest in current period | Capitalization rate of interest in the current period (%) | Source of funds |
|--|-----------------------|--|-------------------------------|---|---|---|--|----------------------------|---|--|--|--|
| | | | | | | | | | | | | |
| The construction project of Lucheng Yining Hospital | 18,880.91 | 159,409,044.58 | 19,649,171.67 | | | 179,058,216.25 | 95.85 | 95.00 | 9,282,993.83 | 1,059,176.91 | 1.83 | Self-owned funds and long-term borrowings |
| The construction project of Longquan Kangning Hospital | 8,754.00 | 24,326,193.34 | 28,190,487.32 | | | 52,516,686.66 | 60.00 | 60.00 | | | | Self-owned funds |
| Total | | 183,735,243.92 | 47,839,668.99 | | | 231,574,912.91 | / | / | 9,282,993.83 | 1,059,176.91 | | |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.14 Right-of-use assets

| Item | Buildings and constructions | Total |
|---|-----------------------------|-----------------------|
| 1. Original book value | | |
| (1) Balance as at the end of the previous year | 307,410,601.64 | 307,410,601.64 |
| (2) Increase in the current period | 69,360,017.84 | 69,360,017.84 |
| – Newly-added leases | 13,650,871.74 | 13,650,871.74 |
| – Increase due to business combination | 53,484,895.22 | 53,484,895.22 |
| – Revaluation adjustment | 2,224,250.88 | 2,224,250.88 |
| (3) Decrease in the current period | 11,621,487.28 | 11,621,487.28 |
| – Termination of the lease | 11,621,487.28 | 11,621,487.28 |
| (4) Balance as at the end of the period | 365,149,132.20 | 365,149,132.20 |
| 2. Accumulated depreciation | | |
| (1) Balance as at the end of the previous year | 145,589,157.08 | 145,589,157.08 |
| (2) Increase in the current period | 33,272,568.68 | 33,272,568.68 |
| – Provision | 17,436,605.58 | 17,436,605.58 |
| – Increase due to business combination | 15,835,963.10 | 15,835,963.10 |
| (3) Decrease in the current period | 6,930,184.36 | 6,930,184.36 |
| – Disposal | 6,930,184.36 | 6,930,184.36 |
| (4) Balance as at the end of the period | 171,931,541.40 | 171,931,541.40 |
| 3. Provision for impairment | | |
| (1) Balance as at the end of the previous year | | |
| (2) Increase in the current period | | |
| (3) Decrease in the current period | | |
| (4) Balance as at the end of the period | | |
| 4. Book value | | |
| (1) Book value as at the end of the period | 193,217,590.80 | 193,217,590.80 |
| (2) Book value as at the end of the previous year | 161,821,444.56 | 161,821,444.56 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.15 Intangible assets

| Item | Land use right | Trademark right | Software | Medical practicing qualification | Contractual right to provide management services | Total |
|---|----------------|-----------------|---------------|----------------------------------|--|----------------|
| 1. Original book value | | | | | | |
| (1) Balance as at the end of the previous year | 158,746,648.48 | 3,061,637.13 | 16,037,718.87 | 216,837,000.00 | 32,400,000.00 | 427,083,004.48 |
| (2) Increase in the current period | | | 2,421,753.00 | 23,000,000.00 | | 25,421,753.00 |
| – Purchase | | | 1,287,783.00 | | | 1,287,783.00 |
| – Increase due to business combination | | | 1,133,970.00 | 23,000,000.00 | | 24,133,970.00 |
| (3) Decrease in the current period | | | 7,832.64 | | | 7,832.64 |
| – Disposal | | | 7,832.64 | | | 7,832.64 |
| (4) Balance as at the end of the period | 158,746,648.48 | 3,061,637.13 | 18,451,639.23 | 239,837,000.00 | 32,400,000.00 | 452,496,924.84 |
| 2. Accumulated amortisation | | | | | | |
| (1) Balance as at the end of the previous year | 23,725,212.01 | 1,404,895.19 | 10,123,731.63 | 87,868,373.39 | 12,425,000.00 | 135,547,212.22 |
| (2) Increase in the current period | 1,710,596.22 | 193,534.59 | 1,785,613.07 | 7,420,813.06 | 864,285.72 | 11,974,842.66 |
| – Provision | 1,710,596.22 | 193,534.59 | 649,143.11 | 7,420,813.06 | 864,285.72 | 10,883,372.70 |
| – Increase due to business combination | | | 1,091,469.96 | | | 1,091,469.96 |
| (3) Decrease in the current period | | | 4,082.64 | | | 4,082.64 |
| – Disposal | | | 4,082.64 | | | 4,082.64 |
| (4) Balance as at the end of the period | 25,435,808.23 | 1,598,429.78 | 11,905,262.06 | 95,289,186.45 | 13,289,285.72 | 147,517,972.24 |
| 3. Provision for impairment | | | | | | |
| (1) Balance as at the end of the previous year | | | | | | |
| (2) Increase in the current period | | | | | | |
| (3) Decrease in the current period | | | | | | |
| (4) Balance as at the end of the period | | | | | | |
| 4. Book value | | | | | | |
| (1) Book value as at the end of the period | 133,310,840.25 | 1,463,207.35 | 6,546,377.17 | 144,547,813.55 | 19,110,714.28 | 304,978,952.60 |
| (2) Book value as at the end of the previous year | 135,021,436.47 | 1,656,741.94 | 5,913,987.24 | 128,968,626.61 | 19,975,000.00 | 291,535,792.26 |

Other notes:

As of 30 June 2025, the fixed assets with the book value of RMB95,800,309.84 are used for bank loan collateral. See Note 4.20 for details.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.16 Goodwill

4.16.1 Changes in goodwill

| Name of the investee or matters forming goodwill | Balance as at the end of the previous year | Increase in the current period | | Decrease in the current period | | Balance as at the end of the period |
|--|--|--|--------|--------------------------------|--------|-------------------------------------|
| | | Amount formed through business combination | Others | Disposal | Others | |
| Original book value | | | | | | |
| Nanjing Yining Hospital Co., Ltd. | 9,271,800.00 | | | | | 9,271,800.00 |
| Heze Yining Psychiatric Hospital Co., Ltd. | 690,331.47 | | | | | 690,331.47 |
| Guaxian Yining Hospital Co., Ltd. | 1,549,022.38 | | | | | 1,549,022.38 |
| Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd. | 7,784,850.00 | | | | | 7,784,850.00 |
| Beijing Yining Hospital Co., Ltd. | 22,987,331.04 | | | | | 22,987,331.04 |
| Wenzhou Yixin Health Technology Co., Ltd. | 151,048.40 | | | | | 151,048.40 |
| Huainan Kangning Hospital Co., Ltd. | 5,068,959.78 | | | | | 5,068,959.78 |
| Changchun Kanglin Psychological Hospital Co., Ltd. | 6,843,288.91 | | | | | 6,843,288.91 |
| Wenzhou Cining Hospital Co., Ltd. | 19,416,285.97 | | | | | 19,416,285.97 |
| Pingyang Changgeng Yining Hospital Co., Ltd. | 51,770,194.67 | | | | | 51,770,194.67 |
| Hangzhou Yining Nursery Service Co., Ltd. | 1,272,643.00 | | | | | 1,272,643.00 |
| Jinyun Shuning Hospital Co., Ltd. | 5,060,323.85 | | | | | 5,060,323.85 |
| Loudi City Kangle Kangning Hospital Co., Ltd. | 283,528.10 | | | | | 283,528.10 |
| Dongkou Lening Hospital Co., Ltd. | 2,502,854.13 | | | | | 2,502,854.13 |
| Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd. | 9,564,442.65 | | | | | 9,564,442.65 |
| Wenzhou Anken Pharmacy Co., Ltd. | 228,538.31 | | | | | 228,538.31 |
| Hangzhou Yining Hospital Co., Ltd. | | 13,040,499.13 | | | | 13,040,499.13 |
| Sub-total | 144,445,442.66 | 13,040,499.13 | | | | 157,485,941.79 |
| Provision for impairment | | | | | | |
| Beijing Yining Hospital Co., Ltd. | 22,987,331.04 | | | | | 22,987,331.04 |
| Guaxian Yining Hospital Co., Ltd. | 1,549,022.38 | | | | | 1,549,022.38 |
| Jinyun Shuning Hospital Co., Ltd. | 5,060,323.85 | | | | | 5,060,323.85 |
| Heze Yining Psychiatric Hospital Co., Ltd. | 690,331.47 | | | | | 690,331.47 |
| Sub-total | 30,287,008.74 | | | | | 30,287,008.74 |
| Book value | 114,158,433.92 | 13,040,499.13 | | | | 127,198,933.05 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.16 Goodwill *(Continued)*

4.16.2 Information on the composition of the asset group or combination of asset groups to which the

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

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

4.18.2 Deferred tax liabilities before offset

| Item | Balance as at the end of the period | | Balance as at the end of the previous year | |
|---|--|-----------------------------|---|-----------------------------|
| | Taxable temporary differences | Deferred tax liabilities | Taxable temporary differences | Deferred tax liabilities |
| Asset evaluation increment from business combination not under common control | 176,524,058.06 | 44,131,014.52 | 162,308,548.18 | 40,577,137.06 |
| Changes in fair value of other non- financial assets | 15,890,877.23 | 2,383,631.58 | 15,841,295.07 | 2,376,194.26 |
| One-off additional deduction for fixed assets | 363,477.54 | 66,892.75 | 561,601.28 | 116,423.68 |
| Right-of-use assets | 186,967,590.80 | 46,741,897.73 | 162,649,241.29 | 40,662,310.34 |
| Total | 379,746,003.63 | 93,323,436.58 | 341,360,685.82 | 83,732,065.34 |

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

| Item | As at the end of the year | | As at the end of the previous year | |
|--------------------------|---|--|---|--|
| | Amount offset in deferred tax assets and liabilities | Balance of deferred tax assets or liabilities after the offset | Amount offset in deferred tax assets and liabilities | Balance of deferred tax assets or liabilities after the offset |
| Deferred tax assets | 56,876,277.21 | 52,433,591.56 | 43,419,006.66 | 56,197,544.77 |
| Deferred tax liabilities | 56,876,277.21 | 36,447,159.37 | 43,419,006.66 | 40,313,058.68 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.18 Deferred tax assets and deferred tax liabilities (Continued)

4.18.4 Details of unrecognised deferred tax assets

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|----------------------------------|---|--|
| Deductible temporary differences | 25,557,498.41 | 8,368,159.52 |
| Deductible losses | 150,780,565.04 | 150,780,565.04 |
| Total | 176,338,063.45 | 159,148,724.56 |

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

| Years | Balance as at the end of the period | Balance as at the end of the previous year | Remark |
|-------|---|--|--------|
| 2025 | 22,159,074.53 | 22,159,074.53 | |
| 2026 | 25,192,303.89 | 25,192,303.89 | |
| 2027 | 32,822,061.33 | 32,822,061.33 | |
| 2028 | 20,321,168.09 | 20,321,168.09 | |
| 2029 | 50,285,957.20 | 50,285,957.20 | |
| Total | 150,780,565.04 | 150,780,565.04 | |

4.19 Other non-current assets

| Item | Balance as at the end of the period | | | Balance as at the end of the previous year | | |
|---------------------------------------|-------------------------------------|-----------------------------|---------------|--|-----------------------------|---------------|
| | Book balance | Provision for impairment | Book value | Book balance | Provision for impairment | Book value |
| Prepaid equity investment expenses | 17,779,221.88 | | 17,779,221.88 | 7,764,995.66 | | 7,764,995.66 |
| Prepayment for house and equipment | 2,580,020.68 | | 2,580,020.68 | 3,468,668.68 | | 3,468,668.68 |
| Total | 20,359,242.56 | | 20,359,242.56 | 11,233,664.34 | | 11,233,664.34 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.22 Financial liabilities held for trading

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|--|---|--|
| Financial liabilities held for trading | | 14,000,000.00 |
| Including: others | | 14,000,000.00 |
| Total | | 14,000,000.00 |

4.23 Notes payable

| Category | Balance as at the end of the period | Balance as at the end of the previous year |
|-----------------------|---|--|
| Bank acceptance bills | 1,522,204.00 | |
| Total | 1,522,204.00 | |

4.24 Accounts payable

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

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|---------------|---|--|
| Within 1 year | 107,175,017.18 | 127,861,415.20 |
| 1 – 2 years | 10,050,287.93 | 3,124,361.77 |
| 2 – 3 years | 1,133,185.78 | 751,141.60 |
| Over 3 years | 484,137.20 | 199,461.41 |
| Total | 118,842,628.09 | 131,936,379.98 |

As of 30 June 2025, there were no significant accounts payable aged over 1 year or overdue (31 December 2024: none).

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.27 Employee benefits payable

4.27.1 Presentation of employee benefits payable

| Item | Balance as at the end of the previous year | Increase in the current period | Decrease in the current period | Balance as at the end of the period |
|--|--|-----------------------------------|-----------------------------------|---|
| Short-term compensation | 82,608,332.00 | 302,233,858.83 | 321,493,800.18 | 63,348,390.65 |
| Post-employment benefits – defined contribution plans | 3,138,964.61 | 21,605,943.03 | 21,358,485.48 | 3,386,422.16 |
| Total | 85,747,296.61 | 323,839,801.86 | 342,852,285.66 | 66,734,812.81 |

4.27.2 Presentation of short-term compensation

| Item | Balance as at the end of the previous year | Increase in the current period | Decrease in the current period | Balance as at the end of the period |
|---|--|-----------------------------------|-----------------------------------|---|
| (1) Salary, bonus, allowance and subsidies | 80,188,073.48 | 267,286,336.08 | 286,357,208.02 | 61,117,201.54 |
| (2) Employee welfare fees | 459,887.66 | 11,578,071.55 | 11,835,726.96 | 202,232.25 |
| (3) Social insurance premium | 1,731,246.32 | 11,659,256.74 | 11,620,702.71 | 1,769,800.35 |
| Including: medical insurance premiums | 1,630,346.45 | 11,025,650.60 | 10,972,129.61 | 1,683,867.44 |
| Work-related injury insurance premiums | 100,899.87 | 606,494.50 | 621,461.46 | 85,932.91 |
| Maternity insurance premiums | | 27,111.64 | 27,111.64 | |
| (4) Housing provident funds | 205,600.44 | 11,696,820.00 | 11,670,472.00 | 231,948.44 |
| (5) Labor union expenditures and employee education funds | 23,524.10 | 13,374.46 | 9,690.49 | 27,208.07 |
| Total | 82,608,332.00 | 302,233,858.83 | 321,493,800.18 | 63,348,390.65 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.27 Employee benefits payable *(Continued)*

4.27.3 Presentation of defined contribution plans

| Item | Balance as at the end of the previous year | Increase in the current period | Decrease in the current period | Balance as at the end of the period |
|---------------------------------------|--|-----------------------------------|-----------------------------------|---|
| Basic endowment insurance premiums | 3,047,812.97 | 20,963,018.03 | 20,718,025.12 | 3,292,805.88 |
| Unemployment insurance premiums | 91,151.64 | 642,925.00 | 640,460.36 | 93,616.28 |
| Total | 3,138,964.61 | 21,605,943.03 | 21,358,485.48 | 3,386,422.16 |

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

4.28 Taxes and surcharges payable

| Taxes and surcharges | Balance as at the end of the period | Balance as at the end of the previous year |
|--|---|--|
| Value-added tax | 1,330,755.93 | 1,253,541.90 |
| Enterprise income tax | 15,497,835.97 | 28,623,585.71 |
| Individual income tax | 1,227,210.89 | 1,280,818.51 |
| Urban maintenance and construction tax | 59,760.73 | 128,273.19 |
| House property tax | 2,784,918.85 | 6,799,424.03 |
| Education surtax | 43,237.84 | 65,721.04 |
| Land use tax | 236,795.94 | 778,342.55 |
| Stamp duty | 71,560.85 | 195,717.23 |
| Environmental protection tax | 1,140.00 | 2,121.00 |
| Water conservancy fund | 284.59 | 538.69 |
| Total | 21,253,501.59 | 39,128,083.85 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.29 Other payables

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|-------------------|---|--|
| Interest payable | | 1,919,729.45 |
| Dividends payable | 22,671,159.70 | 1,090,000.00 |
| Other payables | 50,075,780.13 | 78,277,703.70 |
| Total | 72,746,939.83 | 81,287,433.15 |

4.29.1 Interests payable

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|--|---|--|
| Interest on long-term borrowings with interest paid by installments and principal paid on maturity date | | 1,919,729.45 |
| Total | | 1,919,729.45 |

4.29.2 Dividend payable

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|---|---|--|
| Common stock dividends payable | 21,801,000.00 | |
| Dividends payable to minority shareholders of subsidiaries | 870,159.70 | 1,090,000.00 |
| Total | 22,671,159.70 | 1,090,000.00 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.29 Other payables (*Continued*)

4.29.3 Other payables

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|--|---|--|
| Payables for long-term asset purchases | 7,116,904.16 | 25,610,062.45 |
| Equity purchase price payable | 1,313,457.77 | 1,313,457.77 |
| Accrued expenses | 4,775,235.63 | 6,681,680.88 |
| Deposit and security deposit | 1,122,795.76 | 1,136,955.18 |
| Current amounts | 16,320,353.67 | 24,729,158.13 |
| Loans | 9,813,235.11 | 8,748,024.96 |
| Payables to related parties | 9,613,798.03 | 9,416,830.18 |
| Others | | 641,534.15 |
| Total | 50,075,780.13 | 78,277,703.70 |

As of 30 June 2025, there were no significant other payables aged over 1 year or overdue.

4.30 Non-current liabilities due within one year

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|--|---|--|
| Long-term borrowings due within one year | 221,920,000.00 | 164,170,000.00 |
| Long-term payables due within one year | 33,567,546.82 | 38,367,421.50 |
| Lease liabilities due within one year | 33,380,665.86 | 26,733,022.63 |
| Total | 288,868,212.68 | 229,270,444.13 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.31 Other current liabilities

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|--|---|--|
| Output tax to be carried forward | 218,774.38 | |
| Account payable endorsed without derecognition | | 615,218.00 |
| Total | 218,774.38 | 615,218.00 |

4.32 Long-term borrowings

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|--|---|--|
| Pledged borrowings | 76,500,000.00 | 78,500,000.00 |
| Mortgaged borrowings | 568,858,077.26 | 554,557,337.44 |
| Guaranteed borrowings | 254,810,000.00 | 222,130,000.00 |
| Less: long-term borrowings due within one year | 221,920,000.00 | 164,170,000.00 |
| Total | 678,248,077.26 | 691,017,337.44 |

4.33 Lease liabilities

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|-------------------|---|--|
| Lease liabilities | 184,944,626.00 | 151,300,062.80 |
| Total | 184,944,626.00 | 151,300,062.80 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.34 Long-term payables

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|--------------------|---|--|
| Long-term payables | 60,798,075.78 | 71,916,878.60 |
| Special payables | 10,080,000.00 | 4,320,000.00 |
| Total | 70,878,075.78 | 76,236,878.60 |

4.34.1 Long-term payables

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|---|---|--|
| Account payable for finance lease | 94,365,622.60 | 110,284,300.10 |
| Including: unrealised financing expense | 13,186,290.11 | 16,422,565.39 |
| Less: long-term payables maturing within 1 year | 33,567,546.82 | 38,367,421.50 |
| Total | 60,798,075.78 | 71,916,878.60 |

4.34.2 Special payables

| Item | Balance as at the end of the previous year | Increase in the current period | Decrease in the current period | Balance as at the end of the period | Forming reason |
|-------------------|--|-----------------------------------|-----------------------------------|---|---|
| Government grants | 4,320,000.00 | 5,760,000.00 | | 10,080,000.00 | Grants for the construction project of Longquan Kangning Hospital Subsidies |
| Total | 4,320,000.00 | 5,760,000.00 | | 10,080,000.00 | / |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.35 Deferred income

| Item | Balance as at the end of the previous year | Increase in the current period | Decrease in the current period | Balance as at the end of the period | Forming reason |
|-------------------|--|-----------------------------------|-----------------------------------|---|-----------------------------------|
| Government grants | 8,430,307.00 | | 151,896.00 | 8,278,411.00 | Amortisation not completed yet |
| Total | 8,430,307.00 | | 151,896.00 | 8,278,411.00 | / |

4.36 Share capital

| Item | Balance as at the end of the previous year | Changes in the current period (“+” for increase and “-” for decrease) | | | | | Balance as at the end of the period |
|--------------|--|---|-------------------|--|-------------|-------------|---|
| | | New shares issued | Share donation | Public reserve transferred to shares | Others | Subtotal | |
| Total shares | 72,670,000.00 | | | | -311,100.00 | -311,100.00 | 72,358,900.00 |

Other notes: during the period, the Company has repurchased and cancelled 311,100 H shares.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.37 Capital reserves

| Item | Balance as at the end of the previous year | Increase in the current period | Decrease in the current period | Balance as at the end of the period |
|---------------------------------|--|-----------------------------------|-----------------------------------|---|
| Capital premium (share premium) | 726,023,779.76 | | 2,939,298.96 | 723,084,480.80 |
| Other capital reserves | | | | |
| – Share-based payments | 48,854,883.98 | 2,831,843.05 | | 51,686,727.03 |
| – Other capital reserves | 15,145,574.29 | | | 15,145,574.29 |
| Total | 790,024,238.03 | 2,831,843.05 | 2,939,298.96 | 789,916,782.12 |

Other description, including the description of changes in the current period and change reasons:

- (1) In accordance with the Company's H Share Award and Trust Scheme, a share-based compensation cost of RMB2,831,843.05 was recognised for the period and correspondingly recorded in other capital reserves, as detailed in Note 10.
- (2) According to the Proposal to Authorise the Board of Directors to Repurchase a Portion of H Shares deliberated and approved at the Annual General Meeting for 2023, the First H Share Class Meeting for 2024, and the First Domestic Share Class Meeting for 2024 held by the Company on 30 May 2024, the Company has repurchased and cancelled 311,100 H shares. The difference between the repurchase price and the par value of the shares resulted in a reduction of the share premium in the capital reserve by RMB2,939,298.96.

4.38 Treasury stock

| Item | Balance as at the end of the previous year | Increase in the current period | Decrease in the current period | Balance as at the end of the period |
|--|--|-----------------------------------|-----------------------------------|---|
| Shares of the Company acquired for the employee share ownership plans or share incentive | 22,366,848.64 | | | 22,366,848.64 |
| Total | 22,366,848.64 | | | 22,366,848.64 |



Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.41 Revenue and cost of sales

4.41.1 Details of revenue and cost of sales

| Item | Amount for the current period | | Amount for the previous period | |
|------------------|-------------------------------|----------------|--------------------------------|----------------|
| | Income | Cost | Income | Cost |
| Primary business | 690,902,820.42 | 523,893,300.01 | 765,636,198.08 | 555,217,793.42 |
| Other business | 47,658,804.91 | 25,440,894.13 | 63,321,355.63 | 47,582,667.69 |
| Total | 738,561,625.33 | 549,334,194.14 | 828,957,553.71 | 602,800,461.11 |

Breakdown of revenue:

| Item | Amount for the current period | Amount for the previous period |
|---|-------------------------------|--------------------------------|
| Income from primary business | 690,902,820.42 | 765,636,198.08 |
| Treatments and healthcare services | 690,902,820.42 | 765,636,198.08 |
| Income from other businesses | 47,658,804.91 | 63,321,355.63 |
| Wholesale and retail income of pharmaceutical and equipment | 28,287,517.76 | 41,715,643.36 |
| Management services | 1,485,148.52 | 7,958,001.19 |
| Rent income | 906,058.96 | 297,619.53 |
| Others | 16,980,079.67 | 13,350,091.55 |
| Total | 738,561,625.33 | 828,957,553.71 |

4.41.2 Notes to performance obligations

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.42 Taxes and surcharges

| Item | Amount for the current period | Amount for the previous period |
|--|-------------------------------|--------------------------------|
| House property tax | 3,786,940.26 | 4,886,926.23 |
| Urban maintenance and construction tax | 400,163.50 | 460,954.07 |
| Educational surcharges | 291,972.68 | 331,720.92 |
| Land use tax | 423,158.41 | 445,099.29 |
| Stamp duty | 203,170.66 | 130,348.60 |
| Others | 11,652.83 | 13,249.84 |
| Total | 5,117,058.34 | 6,268,298.95 |

4.43 Selling and distribution expenses

| Item | Amount for the current period | Amount for the previous period |
|--|-------------------------------|--------------------------------|
| Employee benefits | 1,717,804.62 | 5,264,561.40 |
| Depreciation costs | 21,434.73 | 99,249.43 |
| Amortization of intangible assets | 71.70 | 21,787.27 |
| Amortization of long-term prepaid expenses | 29,673.69 | 155,095.54 |
| Business entertainment fees | 127,110.28 | 435,531.57 |
| Office expenses | 34,948.45 | 316,961.17 |
| Traffic and traveling expenses | 57,237.67 | 179,730.55 |
| Outsourcing expenses | 27,282.10 | 219,294.83 |
| Business promotion expenses | 1,548,324.27 | 2,388,776.86 |
| Maintenance and repair expenses | 13,220.19 | 139,038.00 |
| Others | 111,172.30 | 29,239.82 |
| Total | 3,688,280.00 | 9,249,266.44 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.44 General and administrative expenses

| Item | Amount for the current period | Amount for the previous period |
|--|-------------------------------|--------------------------------|
| Employee benefits | 68,866,158.00 | 63,615,210.18 |
| Depreciation costs | 9,568,562.60 | 7,553,031.91 |
| Amortization of intangible assets | 1,240,295.67 | 1,874,457.13 |
| Amortization of long-term prepaid expenses | 4,578,911.00 | 4,527,100.72 |
| Drugs and revolving materials consumed | 1,015,879.66 | 963,471.75 |
| House rent | 2,543,931.61 | 1,323,759.68 |
| Equity incentive | 2,828,664.55 | 767,673.68 |
| Office fees | 2,076,294.46 | 2,276,602.65 |
| Traffic and traveling expenses | 2,038,653.17 | 2,198,731.91 |
| Water and electricity charges | 468,156.24 | 351,396.86 |
| Property fee | 5,767,986.12 | 2,919,344.90 |
| Dining hall expenses | 491.00 | 1,024,421.20 |
| Outsourcing expenses | 1,842,098.47 | 1,308,692.84 |
| Consulting service fees | 2,109,563.44 | 1,815,859.33 |
| Auditors' remuneration | 2,556,000.00 | 2,226,500.13 |
| Maintenance and repair expenses | 4,727,974.11 | 5,421,178.66 |
| Business entertainment fees | 2,438,681.43 | 2,803,324.36 |
| Others | 7,151,356.84 | 3,300,625.81 |
| Total | 121,819,658.37 | 106,271,383.70 |

4.45 Research and development expenditures

| Item | Amount for the current period | Amount for the previous period |
|--|-------------------------------|--------------------------------|
| Employee benefits | 15,238,152.21 | 17,015,841.55 |
| Depreciation costs | 160,973.20 | 313,121.72 |
| Drugs and revolving materials consumed | | 23,806.46 |
| Traffic and traveling expenses | 2,257.42 | 1,279.22 |
| Outsourcing expenses | 95,219.00 | 7,292.41 |
| Testing expenses | | 7,536.00 |
| Others | 166,320.89 | 219,198.79 |
| Total | 15,662,922.72 | 17,588,076.15 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.46 Financial expenses

| Item | Amount for the current period | Amount for the previous period |
|---|-------------------------------|--------------------------------|
| Interest expenses | 18,377,254.10 | 23,323,466.98 |
| Including: interest expenses of lease liability | 4,653,633.38 | 5,245,075.86 |
| Less: interest income | 587,377.24 | 2,686,209.46 |
| Gains or losses on exchange | 2,486.65 | 99,244.67 |
| Others | 4,214,451.98 | 3,728,948.96 |
| Total | 22,006,815.49 | 24,465,451.15 |

4.47 Other income

| Item | Amount for the current period | Amount for the previous period |
|--|-------------------------------|--------------------------------|
| Government grants | 10,568,938.30 | 5,386,176.18 |
| Additional deduction of input tax | 792,415.54 | 13,945.83 |
| Handling charges for withdrawal of individual income tax | 240,461.59 | 188,141.27 |
| Total | 11,601,815.43 | 5,588,263.28 |

4.48 Investment income

| Item | Amount for the current period | Amount for the previous period |
|---|-------------------------------|--------------------------------|
| Income from long-term equity investments calculated under equity method | -1,206,158.07 | 478,827.96 |
| Investment income from disposal of long-term equity investments | 5,032,728.01 | 1,201,371.61 |
| Investment income from financial products | 5,699.09 | |
| Total | 3,832,269.03 | 1,680,199.57 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.49 Profit from changes in fair value

| Sources of the gains from changes in fair value | Amount for the current period | Amount for the previous period |
|---|-------------------------------|--------------------------------|
| Financial assets held for trading | 428,261.38 | 248,879.60 |
| Other non-current financial assets | 49,582.16 | -347,402.79 |
| Total | 477,843.54 | -98,523.19 |

4.50 Losses from credit impairment

| Item | Amount for the current period | Amount for the previous period |
|--|-------------------------------|--------------------------------|
| Losses from bad debts of accounts receivable | -161,794.74 | 462,548.63 |
| Losses from bad debts of other receivables | 7,778,677.18 | -6,046,812.64 |
| Total | 7,616,882.44 | -5,584,264.01 |

4.51 Income from asset disposal

| Item | Amount for the current period | Amount for the previous period | Amount included in non-recurring profit or loss in the current period |
|---|-------------------------------|--------------------------------|---|
| Gain on disposal of non-current assets ("-" for losses) | 1,250,151.08 | -75,116.21 | 1,250,151.08 |
| Including: Gain on disposal of fixed assets ("-" for losses) | -3,599.79 | -75,116.21 | -3,599.79 |
| Others | | 130.80 | |
| Total | 1,250,151.08 | -74,985.41 | 1,250,151.08 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.54 Income tax expenses

4.54.1 Table of income tax expenses

| Item | Amount for the current period | Amount for the previous period |
|------------------------------|----------------------------------|-----------------------------------|
| Current income tax expenses | 13,016,683.24 | 19,082,552.41 |
| Deferred income tax expenses | 2,193,768.79 | -2,566,409.06 |
| Total | 15,210,452.03 | 16,516,143.35 |

4.54.2 Adjustment process of accounting profits and income tax expenses

| Item | Amount for the current period |
|---|----------------------------------|
| Total profits | 41,979,570.18 |
| Income tax expenses calculated at statutory or applicable tax rate | 10,444,306.75 |
| Impact of different tax rates applicable to subsidiaries | -43,610.88 |
| Impact of adjustments to the income tax for the prior years | 355,099.93 |
| Influence of non-taxable income | |
| Effect of non-deductible costs, expenses and losses | 729,658.31 |
| Influence of unrecognised deferred tax assets in previous periods | -7,934,940.40 |
| Effect of deductible temporary differences or losses from deferred tax assets unrecognised in the current period | 13,861,654.07 |
| Impact of additional deduction of R&D expenses | -2,338,334.17 |
| Impact of business combination involving enterprise not under common control | 136,618.42 |
| Income tax expenses | 15,210,452.03 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.55 Earnings per share

4.55.1 Basic earnings per share

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

| Item | Amount for the current period | Amount for the previous period |
|--|----------------------------------|-----------------------------------|
| Consolidated net profit attributable to the common stockholder of the parent company | 36,530,359.57 | 50,723,744.20 |
| Weighted average of the Company's outstanding common stocks | 72,618,150.00 | 74,600,300.00 |
| Basic earnings per share | 0.50 | 0.68 |
| Including: basic earnings per share from continued operation | 0.50 | 0.68 |
| Basic earnings per share from discontinued operation | | |

4.55.2 Diluted earnings per share

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

| Item | Amount for the current period | Amount for the previous period |
|--|----------------------------------|-----------------------------------|
| Consolidated net profit attributable to the common stockholder of the parent company (diluted) | 36,530,359.57 | 50,723,744.20 |
| Weighted average of the Company's outstanding common stock (diluted) | 72,618,150.00 | 74,600,300.00 |
| Diluted earnings per share | 0.50 | 0.68 |
| Including: diluted earnings per share from continued operation | 0.50 | 0.68 |
| Diluted earnings per share from discontinued operation | | |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

4.56 Supplementary information to the statement of cash flows

4.56.1 Supplementary information to the statements of cash flows

| <u>Supplementary information</u> | <u>Amount for the current period</u> | <u>Amount for the previous period</u> |
|----------------------------------|--|---|
|----------------------------------|--|---|

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

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

4.56.1 Supplementary information to the statements of cash flows *(Continued)*

| Supplementary information | Amount for the current period | Amount for the previous period |
|---|----------------------------------|-----------------------------------|
| 2. Significant investing and financing activities not involving cash receipts and payments: | | |
| Conversion of debt to capital | | |
| Convertible corporate bonds maturing within one year | | |
| Right-of-use assets acquired through bearing lease liabilities | | |
| 3. Net change in cash and cash equivalents: | | |
| Ending balance of cash | 333,106,635.79 | 366,789,288.94 |
| Less: balance of cash at the beginning of the period | 255,232,744.16 | 404,723,339.37 |
| Plus: balance of cash equivalents at the end of the period | | |
| Less: balance of cash equivalents at the beginning of the period | | |
| Net increase in cash and cash equivalents | 77,873,891.63 | -37,934,050.43 |

4.56.2 Breakdowns of cash and cash equivalents

| Item | Balance as at the end of the period | Balance as at the end of the previous year |
|---|---|--|
| I. Cash | 333,106,635.79 | 366,789,288.94 |
| Including: cash on hand | 195,546.26 | 315,188.51 |
| Unrestricted bank deposits | 332,122,993.91 | 365,833,425.73 |
| Other unrestricted cash and cash equivalents | 788,095.62 | 640,674.70 |
| II. Cash equivalents | | |
| Including: bond investment maturing within three months | | |
| III. Balance of cash and cash equivalents at the end of the period | 333,106,635.79 | 366,789,288.94 |
| Including: cash and cash equivalents held but restricted for use by the parent company or subsidiaries within the Group | | |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

5 Changes in the scope of consolidation

5.1 Business combination not under common control

5.1.1 Business combination not under common control occurred in current period

| Acquiree | Time-point for equity acquisition | Cost on equity acquisition | Proportion of equity acquired | Way of equity acquisition | Acquisition date | Determination basis on acquisition date | Income of the acquiree from the acquisition date to the end of the period | Net profit of the acquiree from the acquisition date to the end of the period | Cash flows of the acquiree from the acquisition date to the end of the period |
|---------------------------------------|---|-------------------------------|----------------------------------|------------------------------|------------------|---|---|---|---|
| Hangzhou Yining Hospital Co., Ltd. | 31 May 2025 | 28,000,000.00 | 65.00% | Purchase | 31 May 2025 | Completion of equity delivery | 2,637,455.19 | -75,355.35 | 1,150,619.02 |

5.1.2 Combination costs and goodwill

| Item | Hangzhou Yining Hospital Co., Ltd. |
|---|---------------------------------------|
| Combination cost | |
| – Cash | 28,000,000.00 |
| Total combination cost | 28,000,000.00 |
| Less: share of fair value of the identifiable net assets acquired | 14,959,500.87 |
| Difference of goodwill/the combination costs in short of the fair value of net identifiable assets | 13,040,499.13 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

5 Changes in the scope of consolidation (*Continued*)

5.1 Business combination not under common control (*Continued*)

5.1.3 Identifiable assets and liabilities purchased by the acquiree on the acquisition date

| Item | Hangzhou Yining Hospital Co., Ltd. | |
|--|------------------------------------|------------------------------------|
| | Fair value on the acquisition date | Book value on the acquisition date |
| Assets: | | |
| Monetary funds | 10,683,725.70 | 10,683,725.70 |
| Receivables | 4,394,341.81 | 4,256,426.56 |
| Advances to suppliers | 11,966.69 | 11,966.69 |
| Other receivables | 1,216,973.87 | 1,216,973.87 |
| Inventories | 872,927.05 | 872,927.05 |
| Fixed assets | 1,617,264.97 | 484,744.28 |
| Right-of-use assets | 41,886,805.14 | 41,886,805.14 |
| Intangible assets | 23,042,500.04 | 42,500.04 |
| Long-term prepaid expenses | 1,828,479.92 | 1,828,479.92 |
| Deferred income tax assets | 2,295,714.89 | |
| Liabilities: | | |
| Accounts payable | 2,379,189.56 | 2,379,189.56 |
| Receipts in advance | 923,339.06 | 923,339.06 |
| Employee benefits payable | 954,790.22 | 954,790.22 |
| Taxes and surcharges payable | 31,295.32 | 31,295.32 |
| Other payables | 8,040,465.94 | 8,040,465.94 |
| Non-current liabilities maturing within one year | 5,816,845.00 | |
| Lease liabilities | 46,690,158.25 | 52,507,003.25 |
| Net asset | 23,014,616.73 | -3,551,534.10 |
| Less: minority equity | 8,055,115.86 | -1,243,036.94 |
| Net assets gained | 14,959,500.87 | -2,308,497.17 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

5 Changes in the scope of consolidation (*Continued*)

5.2 Disposal of subsidiaries

5.2.1 Transactions or events in which control of subsidiaries was lost during the period

| Name of subsidiary | Disposal consideration at the date of loss of control | Percentage of disposals at the date of loss of control (%) | Disposal method of equity interest | Date of loss of control | Basis for determining the date of loss of control | Difference between the consideration for disposal and the share of net assets of the subsidiary at the level of the relevant consolidated financial statements in which the disposed investments presented | Percentage of remaining equity on the date of loss of control (%) | Carrying amount of remaining equity at the level of the relevant consolidated financial statements in which on the date of loss of control | Fair value of remaining equity at the level of the relevant consolidated financial statements in which on the date of loss of control | Gain or loss on fair value remeasurement of remaining equity interests | Determination method and major assumptions of the fair value of remaining equity at the level of the relevant consolidated financial statements in which on the date of loss of control | Amount transferred into investment gain or loss/retained earnings from other comprehensive income relating to the equity investment in the former subsidiary |
|---|---|--|------------------------------------|-------------------------|---|--|---|--|---|--|---|--|
| | | | | | | | | | | | | |
| Hangzhou Yining Medical Equipment R&D Co., Ltd. | 30,000.00 | 100.00 | Negotiating transfer | June 12, 2025 | The delivery of equity | 807.22 | | | | | | |

5.3 Changes in scope of consolidation for other reasons

As 18 April 2025, the Company's subsidiary Wenzhou Anken Pharmacy Co., Ltd. completed the industrial and commercial cancellation.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities

6.1 Equities in subsidiaries

6.1.1 Structure of the enterprise group

| Name of subsidiary | Type of legal person | Registered capital (RMB' 0,000) | Principal place of business | Registration place | Nature of business | Shareholding ratio (%) | | Way of acquisition |
|---|---------------------------|---------------------------------|-----------------------------|--------------------|---------------------|------------------------|----------|--------------------------------------|
| | | | | | | Direct | Indirect | |
| Wenzhou Yining Elderly Hospital Co., Ltd. | Limited liability company | 33,000.00 | Wenzhou | Wenzhou | Hospital management | 100.00 | | Incorporation |
| Cangnan Yining Nursing Center Co., Ltd. | Limited liability company | 1,000.00 | Cangnan | Cangnan | Medical services | | 100.00 | Incorporation |
| Wenzhou Ouhai Yining Elderly Hospital Co., Ltd. | Limited liability company | 1,000.00 | Wenzhou | Wenzhou | Medical services | | 65.00 | Incorporation |
| Wenzhou Cining Hospital Co., Ltd. | Limited liability company | 2,585.98 | Wenzhou | Wenzhou | Medical services | | 100.00 | Combination not under common control |
| Pingyang Changgeng Yining Hospital Co., Ltd. | Limited liability company | 3,057.47 | Wenzhou | Wenzhou | Medical services | | 100.00 | Combination not under common control |
| Yueqing Yining integrated Traditional and Western Medicine Hospital Co., Ltd. | Limited liability company | 9,800.00 | Yueqing | Yueqing | Medical services | | 100.00 | Combination not under common control |
| Wenzhou Yining Care Co., Ltd. | Limited liability company | 500.00 | Wenzhou | Wenzhou | Medical services | | 100.00 | Incorporation |
| Hangzhou Yining Hospital Co., Ltd. | Limited liability company | 5,000.00 | Hangzhou | Hangzhou | Medical services | | 65.00 | Combination not under common control |
| Zhejiang Kangning Hospital Management (Group) Co., Ltd. | Limited liability company | 20,000.00 | Ningbo | Ningbo | Hospital management | 100.00 | | Incorporation |
| Pingyang Kangning Hospital Co., Ltd. | Limited liability company | 600.00 | Pingyang | Pingyang | Medical services | | 100.00 | Incorporation |
| Wenzhou Yining Geriatric Hospital Co., Ltd. | Limited liability company | 6,000.00 | Wenzhou | Wenzhou | Medical services | | 100.00 | Incorporation |
| Quzhou Yining Hospital Co., Ltd. | Limited liability company | 3,000.00 | Quzhou | Quzhou | Medical services | | 60.00 | Incorporation |
| Taizhou Luqiao Cining Hospital Co., Ltd. | Limited liability company | 1,000.00 | Taizhou | Taizhou | Medical services | | 51.00 | Incorporation |
| Yiwu Kangning Hospital Management Co., Ltd. | Limited liability company | 3,000.00 | Yiwu | Yiwu | Hospital management | | 100.00 | Incorporation |
| Taizhou Kangning Hospital Co., Ltd. | Limited liability company | 1,000.00 | Taizhou | Taizhou | Medical services | | 51.00 | Combination not under common control |
| Hangzhou Cining Hospital Co., Ltd. | Limited liability company | 100.00 | Hangzhou | Hangzhou | Medical services | | 100.00 | Incorporation |
| Wenzhou Tianzhentang TCM Clinic Co., Ltd. | Limited liability company | 500.00 | Wenzhou | Wenzhou | Medical services | | 100.00 | Incorporation |
| Zhejiang Jerinte Health Technology Co., Ltd. | Limited liability company | 1,000.00 | Hangzhou | Hangzhou | Technology service | | 100.00 | Incorporation |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities (Continued)

6.1 Equities in subsidiaries (Continued)

6.1.1 Structure of the enterprise group (Continued)

| Name of subsidiary | Type of legal person | Registered capital (RMB' 0,000) | Principal place of business | Registration place | Nature of business | Shareholding ratio (%) | | Way of acquisition |
|--|---------------------------|---------------------------------|-----------------------------|--------------------|-----------------------|------------------------|----------|--------------------------------------|
| | | | | | | Direct | Indirect | |
| Nanjing Yining Hospital Co., Ltd. | Limited liability company | 1,000.00 | Nanjing | Nanjing | Medical services | 85.65 | | Combination not under common control |
| Heze Yining Psychiatric Hospital Co., Ltd. | Limited liability company | 3,000.00 | Heze | Heze | Medical services | 51.00 | | Combination not under common control |
| Guanxian Yining Hospital Co., Ltd. | Limited liability company | 1,000.00 | Guanxian | Guanxian | Medical services | 90.00 | | Combination not under common control |
| Wenling Nanfang Psychiatric Specialty Hospital Co., Ltd. | Limited liability company | 753.00 | Taizhou | Taizhou | Medical services | 68.80 | | Combination not under common control |
| Beijing Yining Hospital Co., Ltd. | Limited liability company | 4,653.67 | Beijing | Beijing | Medical services | 67.77 | | Incorporation |
| Wenzhou Yixin Health Technology Co., Ltd. | Limited liability company | 50.00 | Wenzhou | Wenzhou | Technology service | 100.00 | | Combination not under common control |
| Huainan Kangning Hospital Co., Ltd. | Limited liability company | 1,000.00 | Huainan | Huainan | Medical services | 95.00 | | Combination not under common control |
| Zhejiang Yining Health Technology Co., Ltd. | Limited liability company | 2,040.82 | Hangzhou | Hangzhou | Technology service | 98.00 | | Incorporation |
| Wenzhou Yining Drugstore Co., Ltd. | Limited liability company | 50.00 | Wenzhou | Wenzhou | Drug retail | 100.00 | | Incorporation |
| Yining Psychology Internet Hospital (Wenzhou) Co., Ltd. | Limited liability company | 500.00 | Wenzhou | Wenzhou | Hospital management | 100.00 | | Incorporation |
| Zhejiang Dening Pharmaceutical Co., Ltd. | Limited liability company | 1,000.00 | Wenzhou | Wenzhou | Pharmaceutical retail | 80.00 | | Incorporation |
| Changchun Kanglin Psychological Hospital Co., Ltd. | Limited liability company | 1,000.00 | Changchun | Changchun | Medical services | 64.55 | | Combination not under common control |
| Hangzhou Yining Nursery Service Co., Ltd. | Limited liability company | 100.00 | Hangzhou | Hangzhou | Nursing care | 100.00 | | Incorporation |
| Linhai Cining Hospital Co., Ltd. | Limited liability company | 5,000.00 | Taizhou | Taizhou | Medical services | 100.00 | | Incorporation |
| Shenzhen Yining Hospital | Limited liability company | 6,000.00 | Shenzhen | Shenzhen | Medical services | 55.00 | | Incorporation |
| Pujiang Yining Huangfeng Hospital Co., Ltd. | Limited liability company | 1,400.00 | Jinhua | Jinhua | Medical services | 95.00 | | Incorporation |
| Chun'an Kangning Huangfeng Hospital Co., Ltd. | Limited liability company | 1,000.00 | Hangzhou | Hangzhou | Medical services | 80.00 | | Incorporation |
| Longquan Kangning Hospital Co., Ltd. | Limited liability company | 3,000.00 | Lishui | Lishui | Medical services | 100.00 | | Incorporation |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities (Continued)

6.1 Equities in subsidiaries (Continued)

6.1.1 Structure of the enterprise group (Continued)

| Name of subsidiary | Type of legal person | Registered capital (RMB' 0,000) | Principal place of business | Registration place | Nature of business | Shareholding ratio (%) | | Way of acquisition |
|---|-------------------------------|---------------------------------|-----------------------------|--------------------|---------------------|------------------------|----------|--------------------------------------|
| | | | | | | Direct | Indirect | |
| Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd. | Limited liability company | 2,083.33 | Chengdu | Chengdu | Medical services | | 49.33 | Combination not under common control |
| Wenzhou Gaopin Fangzhou Hospital Co., Ltd. | Limited liability company | 1,000.00 | Wenzhou | Wenzhou | Medical services | | 100.00 | Incorporation |
| Cangnan Kangning Hospital Co., Ltd. | Limited liability company | 5,000.00 | Cangnan | Cangnan | Medical services | 100.00 | | Incorporation |
| Yueqing Kangning Hospital Co., Ltd. | Limited liability company | 500.00 | Yueqing | Yueqing | Medical services | 100.00 | | Incorporation |
| Linhai Kangning Hospital Co., Ltd. | Limited liability company | 200.00 | Taizhou | Taizhou | Medical services | 85.00 | | Incorporation |
| Qingtian Kangning Hospital Co., Ltd. | Limited liability company | 436.00 | Lishui | Lishui | Medical services | 100.00 | | Incorporation |
| Wenzhou Kangning Judicial Forensic Centre | Judicial forensic institution | 50.00 | Wenzhou | Wenzhou | Judicial expertise | 100.00 | | Incorporation |
| Wenzhou Lucheng Yining Hospital Co., Ltd. | Limited liability company | 10,000.00 | Wenzhou | Wenzhou | Medical services | 60.00 | | Incorporation |
| Yongjia Kangning Hospital Co., Ltd. | Limited liability company | 2,700.00 | Wenzhou | Wenzhou | Medical services | 100.00 | | Incorporation |
| Jinyun Shuning Hospital Co., Ltd. | Limited liability company | 2,398.26 | Jinyun | Jinyun | Medical services | 55.00 | | Combination not under common control |
| Loudi City Kangle Kangning Hospital Co., Ltd. | Limited liability company | 2,040.00 | Loudi | Loudi | Medical services | 51.00 | | Combination not under common control |
| Dongkou Lening Hospital Co., Ltd. | Limited liability company | 1,800.00 | Shaoyang | Shaoyang | Medical services | 51.00 | | Combination not under common control |
| Wenzhou Kangning Psychological Consulting Co., Ltd. | Limited liability company | 50.00 | Wenzhou | Wenzhou | Medical services | 100.00 | | Incorporation |
| Jiaxing Jiulikang Zizheng Equity Investment Partnership (Limited Partnership) | Limited partnership | 6,001.00 | Jiaxing | Jiaxing | Equity investments | 66.60 | 33.30 | Incorporation |
| Qingtian Kangning Property Management Co., Ltd. | Limited liability company | 2,764.00 | Lishui | Lishui | Property management | 100.00 | | Incorporation |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

6.1.1 Structure of the enterprise group *(Continued)*

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

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

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

- (1) Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd. has 4 shareholders, with the Company holding 49.33%, Chongqing Jinpu Phase II Medical Health Service Industry Equity Investment Fund Partnership (Limited Partnership) and Chongqing Jinpu Medical Health Service Industry Equity Investment Fund Partnership (Limited Partnership) holding 14.93% and 11.73% respectively, and Sichuan Hongji Pharmaceutical Co., Ltd. holding 24%. The Company appoints the chairman and key management personnel and is responsible for the management of Chengdu Jinniu Yining. The Company has sufficient control over the relevant activities of Chengdu Jinniu Yining, thus it is included in the consolidated financial statements.
- (2) The Company transferred 90% of its equity in Guanxian Yining Hospital Co., Ltd. to Hangzhou ePropulsion Co., Ltd. As of 30 June 2025, Hangzhou ePropulsion Co., Ltd. has not paid the equity transfer payment, therefore, according to the equity transfer agreement, the rights and obligations related to the 90% equity of Guanxian Yining Hospital Co., Ltd. still belong to the company.

6.1.2 Significant non-wholly-owned subsidiaries

| Name of subsidiaries | Shareholding ratio of minority shareholders (%) | Profit or loss attributable to minority shareholders in current period | Dividends | Balance of minority equity as at the end of the period |
|---|---|--|---|--|
| | | | declared to be distributed to minority shareholders in current period | |
| Wenzhou Lucheng Yining Hospital Co., Ltd. | 40.00% | -273,338.73 | | 37,849,009.98 |
| Jinyun Shuning Hospital Co., Ltd. | 45.00% | -1,850,033.50 | | 3,107,231.66 |
| Zhejiang Dening Pharmaceutical Co., Ltd. | 20.00% | 47,364.17 | | 21,235,010.16 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

6.1 Equities in subsidiaries *(Continued)*

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

| Name of subsidiary | Balance as at the end of the period | | | | | |
|---|-------------------------------------|--------------------|----------------|---------------------|-------------------------|-------------------|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Wenzhou Lucheng Yining Hospital Co., Ltd. | 21,416,593.94 | 204,253,407.79 | 225,670,001.73 | 15,064,596.77 | 115,982,880.00 | 131,047,476.77 |
| Jinyun Shuning Hospital Co., Ltd. | 9,205,917.55 | 68,850,607.67 | 78,056,525.22 | 9,003,066.81 | 37,889,846.54 | 46,892,913.35 |
| Zhejiang Dening Pharmaceutical Co., Ltd. | 141,569,335.08 | 809,246.92 | 142,378,582.00 | 57,033,974.41 | 319,887.19 | 57,353,861.60 |

| Name of subsidiary | Balance as at the end of the previous year | | | | | |
|---|--|--------------------|----------------|---------------------|-------------------------|-------------------|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Wenzhou Lucheng Yining Hospital Co., Ltd. | 11,954,272.04 | 184,644,954.86 | 196,599,226.90 | 699,355.11 | 115,594,000.00 | 116,293,355.11 |
| Jinyun Shuning Hospital Co., Ltd. | 12,386,739.26 | 70,370,750.35 | 82,757,489.61 | 19,680,759.72 | 27,801,932.47 | 47,482,692.19 |
| Zhejiang Dening Pharmaceutical Co., Ltd. | 182,793,237.29 | 1,120,808.89 | 183,914,046.18 | 63,460,532.96 | 571,689.49 | 64,032,222.45 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

| | Amount for the current period | Amount for the previous period |
|--------------------|-------------------------------|--------------------------------|
| Name of subsidiary | Revenue | |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

6 Equities in other entities *(Continued)*

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

6.2.2 Main financial information on major associates

| Item | Balance as at the end of the period/Amount for the current period | | Balance as at the end of the previous year/Amount for the previous period | |
|--|--|----------------|--|----------------|
| | Anken Medical | Longwan Yining | Anken Medical | Longwan Yining |
| Current assets | 54,642,466.52 | 4,239,198.47 | 45,907,773.26 | 196,852.44 |
| Non-current assets | 57,990,445.81 | 240,616,879.74 | 66,672,211.67 | 219,142,045.33 |
| Total assets | 112,632,912.33 | 244,856,078.21 | 112,579,984.93 | 219,338,897.77 |
| Current liabilities | 92,856,010.94 | 40,452,964.28 | 97,851,535.78 | 38,926,869.26 |
| Non-current liabilities | 18,139,670.84 | 79,476,564.33 | 17,305,931.19 | 55,023,631.60 |
| Total liabilities | 110,995,681.78 | 119,929,528.61 | 115,157,466.97 | 93,950,500.86 |
| Minority equity | 10,949,943.48 | | | |
| Equity attributable to the shareholders of parent company | -9,312,712.93 | 124,926,549.60 | -2,577,482.04 | 125,388,396.91 |
| Net asset share calculated according to the shareholding ratio | -286,924.69 | 56,216,947.32 | -794,122.22 | 56,424,778.61 |
| Adjustment matters | | | | |
| – Goodwill | | | | |
| – Unrealized profits from internal transaction | | | | |
| – Others | | | | |
| Book value of the equity investment in associates | | | | |
| Fair value of the equity investment in associates with public offer | | | | |
| Revenue | 86,652,834.64 | | 77,859,701.67 | |
| Net profit | 6,926,935.55 | -461,847.31 | 2,232,119.71 | -369,812.28 |
| Net profit of discontinued operation | | | | |
| Other comprehensive income | | | | |
| Total comprehensive income | 6,926,935.55 | -461,847.31 | 2,232,119.71 | -369,812.28 |
| Dividends received from associates in the current period | | | | |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

7 Risks related to financial instruments

7.1 Various risks generated by financial instruments

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

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

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

7.1.1 Credit risks

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

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

7 Risks related to financial instruments (*Continued*)

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

7.1.1 *Credit risks (Continued)*

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

7.1.2 *Liquidity risk*

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

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

7 Risks related to financial instruments *(Continued)*

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

7.1.2 Liquidity risk *(Continued)*

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

| Item | Balance as at the end of the period | | | | | Total | Book value |
|--|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|-------------------------|
| | Instant repayment | Within 1 year | 1–2 years | 2–5 years | Over 5 years | undiscounted contractual amount | |
| Accounts payable | | 118,842,628.09 | | | | 118,842,628.09 | 118,842,628.09 |
| Other payables | | 72,746,939.83 | | | | 72,746,939.83 | 72,746,939.83 |
| Short-term borrowings | | 105,720,000.00 | | | | 105,720,000.00 | 105,720,000.00 |
| Non-current liabilities maturing within one year | | 288,868,212.68 | | | | 288,868,212.68 | 288,868,212.68 |
| Long-term borrowings | | | 208,194,177.29 | 252,391,890.19 | 303,978,136.06 | 764,564,203.54 | 678,248,077.26 |
| Lease liabilities | | | 42,067,189.41 | 85,059,926.79 | 115,555,365.75 | 242,682,481.95 | 184,944,626.00 |
| Long-term payables | | | 31,080,844.00 | 40,815,025.20 | | 71,895,869.20 | 70,878,075.78 |
| Total | | 586,177,780.60 | 281,342,210.70 | 378,266,842.18 | 419,533,501.81 | 1,665,320,335.29 | 1,520,248,559.64 |

| Item | Balance as at the end of the previous year | | | | | Total | Book value |
|--|--|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|-------------------------|
| | Payment at sight | Within 1 year | 1–2 years | 2–5 years | Over 5 years | undiscounted contractual amount | |
| Accounts payable | | 112,544,938.03 | | | | 112,544,938.03 | 112,544,938.03 |
| Other payables | | 68,487,137.05 | | | | 68,487,137.05 | 68,487,137.05 |
| Short-term borrowings | | 111,000,000.00 | | | | 111,000,000.00 | 111,000,000.00 |
| Non-current liabilities maturing within one year | | 108,286,381.25 | | | | 108,286,381.25 | 108,286,381.25 |
| Long-term borrowings | | | 287,545,000.00 | 314,094,120.00 | 166,585,549.65 | 768,224,669.65 | 768,224,669.65 |
| Lease liabilities | | | 18,133,866.38 | 54,983,512.27 | 95,622,594.14 | 168,739,972.79 | 158,912,952.10 |
| Long-term payables | | | 25,945,947.15 | 45,352,431.95 | | 71,298,379.10 | 64,227,913.88 |
| Total | | 400,318,456.33 | 331,624,813.53 | 414,430,064.22 | 262,208,143.79 | 1,408,581,477.87 | 1,391,683,991.96 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

7 Risks related to financial instruments (*Continued*)

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

7.1.3 Market risk

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

(1) Interest rate risk

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

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

On 30 June 2025, the Company's long-term interest-bearing borrowings were mainly RMB denominated fixed-rate contracts.

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

7 Risks related to financial instruments *(Continued)*

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

7.1.3 Market risk *(Continued)*

(2) Exchange rate risk

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

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

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

| Item | Balance as at the end of the period | | Balance as at the end of the previous year |
|------|-------------------------------------|---------------------------|--|
| | USD | Other foreign currency | |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

7 Risks related to financial instruments (*Continued*)

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

7.1.3 Market risk (*Continued*)

(3) Other price risk

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

The Company's other price risk arises primarily from investments in various equity instruments. There is the risk of changes in the prices of equity instruments.

As at 30 June 2025, on the conditions that all the other variables remain unchanged, if the value of the equity instruments increases or decreases by 3%, then the net profit of the Company will increase or decrease by RMB1,743,898.91 (31 December 2024: net profit RMB1,340,803.16)

8 Disclosure of fair value

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

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

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

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

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

8 Disclosure of fair value *(Continued)*

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

| Item | Fair value as at the end of the period | | | Total |
|--|---|---|---|----------------------|
| | Measured at fair value at Level 1 | Measured at fair value at Level 2 | Measured at fair value at Level 3 | |
| I. Continuous measurement of fair value | | | | |
| Financial assets held for trading | | | 21,325,265.41 | 21,325,265.41 |
| 1. Financial assets measured at fair value through the current profit or loss | | | 21,325,265.41 | 21,325,265.41 |
| (1) Investment in equity instruments | | | 8,255,855.31 | 8,255,855.31 |
| (2) Others | | | 13,069,410.10 | 13,069,410.10 |
| Other non-current financial assets | | | 36,804,698.26 | 36,804,698.26 |
| Financial assets measured at fair value through the current profit or loss | | | 36,804,698.26 | 36,804,698.26 |
| (1) Investment in equity instruments | | | 36,804,698.26 | 36,804,698.26 |
| Total assets with continuous measurement at fair value | | | 58,129,963.67 | 58,129,963.67 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

8 Disclosure of fair value *(Continued)*

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

- The financial assets held for trading and other non-current financial assets of the Company are equity instrument investments and bank financial products. Management prepares disclosures related to fair value based on verified valuation results, considering investment contract terms, realizable conditions, and parameters such as P/B ratio, liquidity discount and discount rate of underlying assets of related investment projects:

| Item | Fair value as at the end of the period | Valuation techniques | Unobservable input values | Range interval |
|------------------------------------|--|-----------------------------|-------------------------------|----------------|
| Financial assets held for trading | 8,255,855.31 | Discounted cash flow method | Weighted average capital cost | 8% |
| | 13,069,410.10 | Discounted cash flow method | Weighted average capital cost | 1.28% |
| Other non-current financial assets | 36,804,698.26 | Market method | P/B ratio | 1.97-4.31 |
| | | | Liquidity discount | 23.91~24.71 |
| | | Discounted cash flow method | Weighted average capital cost | 9%-18% |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions

9.1 Information on the parent company of the Company

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

9.2 Subsidiaries of the Company

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

9.3 Joint ventures and associates of the Company

Please refer to “Note 6 Equity in other entities” for details of significant joint ventures and associates of the Company.

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

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions *(Continued)*

9.4 Other related parties

| Name of other related party | Relationship between other related party and the Company |
|--|--|
| Cai Wenqin | Minority shareholder of the Company's subsidiary |
| Chen Guanghong | Minority shareholder of the Company's subsidiary |
| Jiang Danping | Minority shareholder of the Company's subsidiary |
| Ningbo Meishan Bonded Port Area Kuanzhan Investment Management Partnership (Limited Liabilities Partnership) | Minority shareholder of the Company's subsidiary |
| Shandong Furen Hospital Management Co., Ltd. | Minority shareholder of the Company's subsidiary |
| Wang Hongyue | One of the substantial shareholders of the Company and an immediate family member of the ultimate controlling parties of the Company |
| Wu Lianxi | Minority shareholder of the Company's subsidiary |
| Wu Zihuang | Minority shareholder of the Company's subsidiary |
| Xu Xiuhu | Minority shareholder of the Company's subsidiary |
| Ye Liangfu | Close relative of the Company's ultimate controller |
| Sichuan Hongji Pharmaceutical Co., Ltd. | Minority shareholder of the Company's subsidiary |
| Wang Changsheng | Actual controller of minority shareholder of the Company's subsidiary |
| Yiwu Mental Health Centre | Non-profit organisation invested by the Company with council members assigned |
| Zhejiang Tianqu Environment Construction Co., Ltd. | Minority shareholder of the Company's subsidiary |
| Zhejiang Yangge Property Management Co., Ltd. | Minority shareholder of the Company's subsidiary |
| Wenzhou Donghu Property Management Co., Ltd. | Minority shareholder of the Company's subsidiary |
| Hangzhou Yining Hospital Co., Ltd. | Used to be an associate of the Company during the reporting period |
| Wenzhou Anken Psychological Consultation Co., Ltd. | Subsidiaries of the Company's associate |
| Luonan Shanda Rehabilitation Hospital Co., Ltd. | Subsidiaries of the Company's associate |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions *(Continued)*

9.5 Information on related party transactions

9.5.1 Purchase or sale of goods, and rendering or receipt of labor services

Purchase of goods/receipt of services

| Related-party | Content of related party transaction | Amount for the current period | Amount for the previous period |
|--|--------------------------------------|-------------------------------|--------------------------------|
| Zhejiang Fengsheng Nutrition Technology Co., Ltd. | Purchase of medicines | 311,783.03 | 46,490.62 |
| Wenzhou Anken Psychological Consultation Co., Ltd. | Purchase of medicines | | 17,960.18 |
| Ye Liangfu | Purchase of canteen services | 88,374.93 | |

Sales of goods/rendering of services

| Related party | Content of related party transaction | Amount for the current period | Amount for the previous period |
|---|--------------------------------------|-------------------------------|--------------------------------|
| Yiwu Mental Health Centre | Medical management services | 1,485,148.52 | 1,485,148.52 |
| Hangzhou Yining Hospital Co., Ltd. | Rendering of services | | 84,905.66 |
| Hangzhou Anken Medical Technology Co., Ltd. | Sales of drugs | 280,200.88 | |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions *(Continued)*

9.5 Information on related party transactions *(Continued)*

9.5.2 Related-party guarantee

The Company as the guarantor:

| Guaranteed party | Guaranteed amount | Commencement date | Expiry date | Whether or not the guarantee performance has been completed |
|---|-------------------|-------------------|-------------|---|
| Quzhou Yining Hospital Co., Ltd. | 60,000,000.00 | 2023/10/9 | 2034/10/9 | No |
| Yongjia Kangning Hospital Co., Ltd. | 60,000,000.00 | 2019/8/20 | 2031/8/21 | No |
| Linhai Cining Hospital Co., Ltd. | 68,440,000.00 | 2023/4/3 | 2032/3/2 | No |
| Jinyun Shuning Hospital Co., Ltd. | 6,000,000.00 | 2024/7/30 | 2025/7/30 | No |
| Hangzhou Anken Medical Technology Co., Ltd. | 32,400,000.00 | 2024/7/1 | 2027/6/30 | No |
| Wenzhou Lucheng Yining Hospital Co., Ltd. | 8,400,000.00 | 2024/3/31 | 2027/3/31 | No |
| Wenzhou Lucheng Yining Hospital Co., Ltd. | 103,000,000.00 | 2023/10/12 | 2034/10/9 | No |
| Yongjia Kangning Hospital Co., Ltd. | 12,000,000.00 | 2024/7/18 | 2029/6/18 | No |
| Yueqing Yining integrated Traditional and Western Medicine Hospital Co., Ltd. | 8,000,000.00 | 2024/7/18 | 2029/6/18 | No |
| Qingtian Kangning Hospital Co., Ltd. | 5,300,780.00 | 2024/1/1 | 2028/12/31 | No |
| Wenzhou Yining Geriatric Hospital Co., Ltd. | 4,337,088.00 | 2024/1/25 | 2028/12/25 | No |
| Wenzhou Yining Geriatric Hospital Co., Ltd. | 17,000,000.00 | 2022/10/25 | 2025/10/25 | No |
| Pingyang Changgeng Yining Hospital Co., Ltd. | 26,000,000.00 | 2023/12/20 | 2031/12/20 | No |
| Longquan Kangning Hospital Co., Ltd. | 60,000,000.00 | 2025/4/29 | 2039/4/14 | No |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions *(Continued)*

9.5 Information on related party transactions *(Continued)*

9.5.2 Related-party guarantee *(Continued)*

The Company acted as guaranteed party:

| Guarantee | Guaranteed amount | Commencement date | Expiry date | Whether or not the guarantee performance has been completed |
|---|-------------------|-------------------|-------------|---|
| Yueqing Kangning Hospital Co., Ltd. | 200,000,000.00 | 2021/12/24 | 2026/12/24 | No |
| Yongjia Kangning Hospital Co., Ltd. | 200,000,000.00 | 2021/12/24 | 2026/12/24 | No |
| Cangnan Kangning Hospital Co., Ltd. | 200,000,000.00 | 2021/12/24 | 2026/12/24 | No |
| Wenzhou Yining Geriatric Hospital Co., Ltd. | 200,000,000.00 | 2021/12/24 | 2026/12/24 | No |
| Pingyang Kangning Hospital Co., Ltd. | 200,000,000.00 | 2021/12/24 | 2026/12/24 | No |
| Wenzhou Lucheng Yining Hospital Co., Ltd. | 200,000,000.00 | 2021/12/24 | 2026/12/24 | No |
| Wenzhou Cining Hospital Co., Ltd. | 200,000,000.00 | 2021/12/24 | 2026/12/24 | No |
| Cangnan Kangning Hospital Co., Ltd. | 66,474,000.00 | 2021/12/24 | 2026/12/10 | No |
| Guan Weili, Wang Lianyue | 24,000,000.00 | 2020/6/30 | 2027/6/30 | No |
| Guan Weili, Wang Hongyue, Wang Lianyue | 79,642,127.25 | 2021/11/29 | 2028/11/29 | No |
| Guan Weili, Wang Hongyue, Wang Lianyue, Xu Yi | 180,950,000.00 | 2020/10/26 | 2026/10/25 | No |
| Guan Weili | 70,000,000.00 | 2023/11/8 | 2026/11/15 | No |
| Guan Weili, Wang Lianyue, Wang Hongyue | 14,660,000.00 | 2019/9/10 | 2029/8/20 | No |
| Guan Weili, Wang Lianyue, Wang Hongyue | 10,280,000.00 | 2020/1/1 | 2029/8/20 | No |
| Guan Weili, Wang Lianyue, Wang Hongyue | 3,320,000.00 | 2020/12/22 | 2029/8/20 | No |
| Guan Weili, Wang Lianyue, Wang Hongyue | 2,200,000.00 | 2020/9/27 | 2029/8/20 | No |
| Guan Weili, Wang Lianyue, Wang Hongyue | 2,200,000.00 | 2020/9/27 | 2029/8/20 | No |
| Guan Weili, Wang Lianyue, Wang Hongyue | 3,050,000.00 | 2021/3/1 | 2029/8/20 | No |
| Guan Weili, Wang Lianyue, Wang Hongyue | 3,050,000.00 | 2021/3/1 | 2029/8/20 | No |
| Guan Weili, Wang Lianyue, Wang Hongyue | 45,000,000.00 | 2023/7/3 | 2037/12/31 | No |
| Guan Weili, Wang Lianyue, Wang Hongyue | 15,000,000.00 | 2023/7/31 | 2037/12/31 | No |
| Guan Weili, Wang Lianyue, Wang Hongyue | 10,116,550.00 | 2023/10/25 | 2037/12/31 | No |
| Guan Weili, Wang Lianyue, Wang Hongyue | 5,007,200.00 | 2023/11/24 | 2037/12/31 | No |
| Guan Weili, Zhejiang Tianqu Environment Construction Co., Ltd., Zhejiang Yangge Property Management Co., Ltd. | 60,000,000.00 | 2023/10/9 | 2031/10/9 | No |
| Wang Lianyue | 18,312,000.00 | 2023/12/20 | 2028/12/25 | No |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions *(Continued)*

9.5 Information on related party transactions *(Continued)*

9.5.3 Loans from and to related parties

| Related parties | Lending/ borrowing amount | Commencement date | Expiry date | Remark |
|---|---------------------------------|----------------------|-------------|------------------|
| Loans from related parties | | | | |
| Chongqing Hechuan Kangning Hospital Co., Ltd. | 2,800,000.00 | 2024/5/6 | 2025/5/6 | |
| Luonan Shanda Rehabilitation Hospital Co., Ltd. | 1,095,000.00 | 2023/9/29 | | Not returned yet |
| Zhejiang Yangge Property Management Co., Ltd. | 2,508,250.00 | 2022/6/13 | | Not returned yet |
| Wenzhou Donghu Property Management Co., Ltd. | 6,000,000.00 | 2025/6/3 | 2028/6/2 | |
| Loan to related parties | | | | |
| Wenzhou Longwan Yining Hospital Co., Ltd. | 13,950,000.00 | 2023/1/10 | 2026/1/9 | |
| Sichuan Hongji Pharmaceutical Co., Ltd. | 10,204,311.69 | 2015/6/1 | | |
| Wang Changsheng | 3,490,447.08 | 2015/9/1 | | |

9.5.4 Remuneration of key management personnel

| Item | Amount for the current period | Amount for the previous period |
|----------------------|----------------------------------|--------------------------------------|
| Salary, bonus, etc. | 3,911,019.68 | 3,600,689.93 |
| Share-based payments | 1,173,758.49 | 436,155.63 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions *(Continued)*

9.6 Unsettled items of receivables from and payables to related parties

9.6.1 Receivables

| Item | Related parties | Book balance as at the end of the year | | Book balance as at the end of the previous year | |
|---------------------|---|---|----------------------------|--|----------------------------|
| | | Book balance | Provision for bad debts | Book balance | Provision for bad debts |
| Accounts receivable | | | | | |
| | Yiwu Mental Health Centre | 13,524,620.00 | 9,049,240.00 | 12,024,620.00 | 7,548,920.00 |
| | Hangzhou Yining Hospital Co., Ltd. | | | 79,780.30 | 2,807.80 |
| | Chongqing Hechuan Kangning Hospital Co., Ltd. | 400,000.00 | 20,000.00 | | |
| Other receivable | | | | | |
| | Hangzhou Yining Hospital Co., Ltd. | | | 8,000,000.00 | 8,000,000.00 |
| | Wenzhou Longwan Yining Hospital Co., Ltd. | 15,263,890.41 | 763,194.52 | 14,312,219.18 | 715,610.96 |
| | Sichuan Hongji Pharmaceutical Co., Ltd. | 10,204,311.69 | 10,204,311.69 | 10,204,311.69 | 10,204,311.69 |
| | Yiwu Mental Health Centre | 2,475,380.00 | 123,769.00 | 2,475,380.00 | 123,769.00 |
| | Wang Changsheng | 3,490,447.08 | 3,490,447.08 | 3,490,447.08 | 3,490,447.08 |
| | Chen Guanghong | 100,000.00 | 1,000.00 | 100,000.00 | 1,000.00 |
| | Xu Xiuhu | 80,004.00 | 800.04 | 80,004.00 | 800.04 |
| | Cai Wenqin | 100,187.50 | 2,259.38 | 45,187.50 | 2,259.38 |
| | Ye Liangfu | 30,000.00 | 1,500.00 | | |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions *(Continued)*

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

9.6.2 Payables

| Item | Related parties | Book balance as at the end of the year | Book balance as at the end of the previous year |
|------------------|---|--|--|
| Accounts payable | | | |
| | Zhejiang Fengsheng Nutrition Technology Co., Ltd. | 21,444.60 | 32,895.70 |
| | Ye Liangfu | 40,147.00 | 23,583.50 |
| Other payables | | | |
| | Shandong Furen Hospital Management Co., Ltd. | 3,832,261.70 | |
| | Luonan Shanda Rehabilitation Hospital Co., Ltd. | 1,095,000.00 | 1,095,000.00 |
| | Chongqing Hechuan Kangning Hospital Co., Ltd. | | 3,294,491.66 |
| | Zhejiang Yangge Property Management Co., Ltd. | 2,508,250.00 | 2,508,250.00 |
| | Xu Xiuhu | 452,515.19 | 2,405,961.75 |
| | Chen Guanghong | 81,961.66 | |
| | Hangzhou Yining Hospital Co., Ltd. | | 93,142.79 |
| | Zhejiang Huangfeng Hospital Management Co., Ltd. | 19,983.98 | 19,983.98 |
| | Wenzhou Donghu Property Management Co., Ltd. | 6,000,000.00 | |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

9 Related parties and related transactions *(Continued)*

9.7 Five individuals with highest remunerations

For January to June 2025, five individuals with highest remunerations of the Company include 2 directors (January to June 2024: 2), the remunerations of the remaining 3 individuals with highest remunerations are reflected in below table:

| Item | Amount for the current period | Amount for the previous period |
|--|----------------------------------|--------------------------------------|
| Basic salaries, bonuses, housing allowances and other subsidies | 1,187,773.78 | 1,174,589.67 |
| Share-based payments | 293,640.02 | 17,942.58 |
| Total | 1,481,413.80 | 1,192,532.25 |

| Scope of compensation | Persons in 2024 | Persons in 2023 |
|-----------------------|-----------------|-----------------|
| 0-500,000 | 2 | 3 |
| 500,000-1,000,000.00 | 1 | 0 |
| Total | 3 | 3 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

10 Share-based payments

10.1 General information of share-based payment

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

On 12 April 2024, the Board of Directors resolved to grant a total of 363,100 reward shares to the first

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

10 Share-based payments *(Continued)*

10.1 General information of share-based payment *(Continued)*

According to the H Share Award and Trust Scheme, the vesting schedule and ratio for the awarded H-share rewards are as follows:

| Vesting period | Vesting date | Vesting ratio |
|-----------------------|--|---------------|
| First vesting period | From the first trading day after the grant date To the last trading day within 12 months from the grant date | 25% |
| Second vesting period | From the first trading day 12 months after the grant date To the last trading day within 24 months from the grant date | 25% |
| Third vesting period | From the first trading day after 24 months from the date of grant To the last trading day within 36 months from the date of grant | 25% |
| Fourth vesting period | From the first trading day 36 months after the grant date To the last trading day within 48 months from the grant date | 25% |

10.2 Equity-settled share-based payment

| Determination method of fair value of equity instruments on grant date | Market method |
|---|-----------------------------|
| Significant parameters of fair value of equity instruments on grant date | Closing price on grant date |
| Determination of the quantity of exercisable equity instruments | |
| Reason for material difference between the estimates for current period and previous period | |
| Accumulated amount of equity-settled share-based payment in capital reserves | 51,686,727.03 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

10 Share-based payments (*Continued*)

10.3 Share-based payment fee

| Granting object | Amount for the current period | | | Amount for the previous period | | |
|--------------------------------|-------------------------------------|-----------------------------------|--------------|-------------------------------------|-----------------------------------|------------|
| | Equity-settled share-based payments | Cash-settled share-based payments | Total | Equity-settled share-based payments | Cash-settled share-based payments | Total |
| H Share Award and Trust Scheme | 2,831,843.05 | | 2,831,843.05 | 767,673.68 | | 767,673.68 |
| Total | 2,831,843.05 | | 2,831,843.05 | 767,673.68 | | 767,673.68 |

11 Commitments and contingencies

11.1 Significant commitments

11.1.1 Significant commitments existed on the balance sheet date

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

| | 30 June 2025 | 30 June 2024 |
|--|---------------|---------------|
| Buildings and constructions, machinery equipment | 63,119,306.07 | 55,890,951.92 |
| Total | 63,119,306.07 | 55,890,951.92 |

11.1.2 Foreign investment commitment

As of 30 June 2025, the Company had no commitments for outward investments.

11.2 Contingencies

The Company has no significant contingencies required to be disclosed.

12 Post balance sheet events

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

13 Capital management

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

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

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

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

The Company monitors capital based on the adjusted liability and capital ratio.

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

| | Balance as at the end of the period | Balance as at the end of the previous year |
|--------------------|---|--|
| Debt/capital ratio | 55.35% | 55.30% |

14 Other significant events

14.1 Segment information

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

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

15.1 Accounts receivable

15.1.1 Disclosure of accounts receivable by aging

| Aging | Balance as at the end of the period | Balance as at the end of the previous year |
|-------------------------------|---|--|
| Within 1 year | 55,022,027.77 | 74,677,055.21 |
| 1-2 years | 4,108,444.71 | 6,288,695.61 |
| 2-3 years | 2,714,335.04 | 257,315.13 |
| Sub-total | 61,844,807.52 | 81,223,065.95 |
| Less: provision for bad debts | 8,259,054.12 | 11,526,313.86 |
| Total | 53,585,753.40 | 69,696,752.09 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

15.1 Accounts receivable (Continued)

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

| Type | Balance as at the end of the period | | | | | Balance as at the end of the previous year | | | | |
|---|-------------------------------------|----------------|-------------------------|-----------------------------|---------------|--|----------------|-------------------------|-----------------------------|---------------|
| | Book balance | | Provision for bad debts | | Book value | Book balance | | Provision for bad debts | | Book value |
| | Amount | Proportion (%) | Amount | Proportion of provision (%) | | Amount | Proportion (%) | Amount | Proportion of provision (%) | |
| Provision for bad debts accrued on an individual basis | 11,769,930.45 | 19.03 | 7,673,185.18 | 65.19 | 4,096,745.27 | 10,763,194.65 | 13.25 | 10,725,880.17 | 99.65 | 37,314.48 |
| Including: | | | | | | | | | | |
| Medical fees due from patients | 11,769,930.45 | 19.03 | 7,673,185.18 | 65.19 | 4,096,745.27 | 10,763,194.65 | 13.25 | 10,725,880.17 | 99.65 | 37,314.48 |
| Provision for bad debts by portfolio with the credit risk characteristics | 50,074,877.07 | 80.97 | 585,868.94 | 1.17 | 49,489,008.13 | 70,459,871.30 | 86.75 | 800,433.69 | 1.14 | 69,659,437.61 |
| Including: | | | | | | | | | | |
| Portfolio of overdue days | 50,074,877.07 | 80.97 | 585,868.94 | 1.17 | 49,489,008.13 | 70,459,871.30 | 86.75 | 800,433.69 | 1.14 | 69,659,437.61 |
| Total | 61,844,807.52 | 100.00 | 8,259,054.12 | / | 53,585,753.40 | 81,223,065.95 | 100.00 | 11,526,313.86 | / | 69,696,752.09 |

Significant accounts receivable with individual provision for bad debts:

| Name | Balance as at the end of the period | | | | Balance as at the end of the previous year | |
|--------------------------------|-------------------------------------|-------------------------|-----------------------------|---|--|-------------------------|
| | Book balance | Provision for bad debts | Proportion of provision (%) | Basis of provision | Book balance | Provision for bad debts |
| Medical fees due from patients | 11,769,930.45 | 7,673,185.18 | 65.19 | Provision for bad debts for lifetime expected credit loss | 10,763,194.65 | 10,725,880.17 |
| Total | 11,769,930.45 | 7,673,185.18 | / | / | 10,763,194.65 | 10,725,880.17 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

15.1 Accounts receivable (Continued)

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

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

Item accrued on a portfolio basis:

| Name | Balance as at the end of the period | | |
|---------------------------|-------------------------------------|-------------------------|-----------------------------|
| | Accounts receivable | Provision for bad debts | Proportion of provision (%) |
| Portfolio of overdue days | 50,074,877.07 | 585,868.94 | 1.17 |
| Total | 50,074,877.07 | 585,868.94 | / |

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

| Type | Balance as at the end of the previous year | Changes in the current period | | | Balance as at the end of the period |
|---------------------|--|-------------------------------|----------------------|-------------------------|-------------------------------------|
| | | Provision | Recovery or reversal | Write-off or charge-off | |
| Accounts receivable | 11,526,313.86 | 1,141,090.64 | 2,126,169.10 | | 8,259,054.12 |
| Total | 11,526,313.86 | 1,141,090.64 | 2,126,169.10 | | 8,259,054.12 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

15.2 Other receivables (Continued)

15.2.3 Other receivables

(1) Disclosure by aging

| Aging | Balance as at the end of the period | Balance as at the end of the previous year |
|-------------------------------|---|--|
| Within 1 year | 634,384,913.08 | 532,356,857.00 |
| 1–2 years | 4,021,608.08 | 32,666,417.15 |
| 2–3 years | 25,581,000.00 | 8,304,612.39 |
| 3–4 years | 8,465,096.66 | 496,167.22 |
| 4–5 years | 706,350.52 | 706,350.52 |
| Sub-total | 673,158,968.34 | 574,530,404.28 |
| Less: provision for bad debts | 1,267,376.87 | 1,842,181.81 |
| Total | 671,891,591.47 | 572,688,222.47 |

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

| Category | Balance as at the end of the period | | | | | Balance as at the end of the previous year | | | | |
|---|-------------------------------------|----------------|-------------------------|-----------------------------|----------------|--|----------------|-------------------------|-----------------------------|----------------|
| | Book balance | | Provision for bad debts | | Book value | Book balance | | Provision for bad debts | | Book value |
| | Amount | Proportion (%) | Amount | Proportion of provision (%) | | Amount | Proportion (%) | Amount | Proportion of provision (%) | |
| Provision for bad debts accrued on an individual basis | | | | | | | | | | |
| Provision for bad debts by portfolio with the credit risk characteristics | 673,158,968.34 | 100.00 | 1,267,376.87 | 0.19 | 671,891,591.47 | 574,530,404.28 | 100.00 | 1,842,181.81 | 0.32 | 572,688,222.47 |
| Including: | | | | | | | | | | |
| Aging portfolio | 53,919,600.27 | 8.01 | 1,267,376.87 | 2.35 | 52,652,223.40 | 65,297,554.50 | 11.37 | 1,842,181.81 | 2.82 | 63,455,372.69 |
| Related parties in the consolidation scope | 619,239,368.07 | 91.99 | | | 619,239,368.07 | 509,232,849.78 | 88.63 | | | 509,232,849.78 |
| Total | 673,158,968.34 | 100.00 | 1,267,376.87 | / | 671,891,591.47 | 574,530,404.28 | 100.00 | 1,842,181.81 | / | 572,688,222.47 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

15.2 Other receivables (Continued)

15.2.3 Other receivables (Continued)

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

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

Item accrued on a portfolio basis:

| Name | Balance as at the end of the period | | |
|--|-------------------------------------|-------------------------|-----------------------------|
| | Other receivables | Provision for bad debts | Proportion of provision (%) |
| Aging portfolio | 53,919,600.27 | 1,267,376.87 | 2.35 |
| Related parties in the consolidation scope | 619,239,368.07 | | |
| Total | 673,158,968.34 | 1,267,376.87 | / |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

15.2 Other receivables (Continued)

15.2.3 Other receivables (Continued)

(3) Information of provision for bad debts

| | Stage I | Stage II | Stage III | |
|--|--|---|--|--------------|
| | | Lifetime expected credit loss (without credit impairment) | Lifetime expected credit loss (with credit impairment) | |
| Provision for bad debts | Expected credit loss in the next 12 months | | | Total |
| Balance as at the end of the previous period | 1,842,181.81 | | | 1,842,181.81 |
| In current period, balance as at the end of the previous year | | | | |
| – Transferred to Stage II | | | | |
| – Transferred to Stage III | | | | |
| – Reversed to Stage II | | | | |
| – Reversed to Stage I | | | | |
| Provision in the current period | | | | |
| Reversal in the current period | 574,804.94 | | | 574,804.94 |
| Written back in the current period | | | | |
| Written off in the current period | | | | |
| Other changes | | | | |
| Balance as at the end of the period | 1,267,376.87 | | | 1,267,376.87 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

15.2 Other receivables (Continued)

15.2.3 Other receivables (Continued)

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

| Category | Balance as at the end of the previous period | Changes in the current period | | | Balance as at the end of the period |
|------------------------------|--|-------------------------------|-------------------------|---|---|
| | | Provision | Recovery or reversal | Write-off or charge-off Other changes | |
| Provision for bad debts made | | | | | |
| by portfolio: | 1,842,181.81 | | 574,804.94 | | 1,267,376.87 |
| Total | 1,842,181.81 | | 574,804.94 | | 1,267,376.87 |

(5) Classification of other receivables by nature

| Nature of payment | Book balance as at the end of the year | Book balance as at the end of the previous year |
|---|--|---|
| Other receivables of related parties within the scope of consolidation | 619,239,368.07 | 509,232,849.78 |
| Staff loans | 35,017,000.00 | 38,067,000.00 |
| Current accounts | 81,266.23 | 1,354,960.78 |
| Deposits and margin | 1,890,100.00 | 1,891,780.00 |
| Others | 1,667,343.63 | 1,671,594.54 |
| Receivables from related parties | 15,263,890.41 | 22,312,219.18 |
| Total | 673,158,968.34 | 574,530,404.28 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

15.3 Long-term equity investments

| Item | Balance as at the end of the period | | | Balance as at the end of the previous period | | |
|--|-------------------------------------|--------------------------|----------------|--|--------------------------|----------------|
| | Book balance | Provision for impairment | Book value | Book balance | Provision for impairment | Book value |
| Investments in subsidiaries | 625,440,936.53 | | 625,440,936.53 | 771,544,043.35 | | 771,544,043.35 |
| Investments in associates and joint ventures | 64,820,069.60 | | 64,820,069.60 | 63,293,944.52 | | 63,293,944.52 |
| Total | 690,261,006.13 | | 690,261,006.13 | 834,837,987.87 | | 834,837,987.87 |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

15.3 Long-term equity investments (Continued)

15.3.1 Investment in subsidiaries

| Investee | Balance as at the end of the previous year | Increase/decrease in current period | | | Balance as at the end of the period | Balance of provision for impairment as at the end of the period |
|--|--|--|-----------------------|-----------------------|-------------------------------------|---|
| | | Balance of provision for impairment as at the end of the previous year | Additional investment | Reduced investment | | |
| Loudi City Kangle Kangning Hospital Co., Ltd. | 14,480,000.00 | | 765,000.00 | | 13,715,000.00 | |
| Wenzhou Kangning Judicial Forensic Centre | 500,000.00 | | | | 500,000.00 | |
| Zhejiang Kangning Hospital Management Co., Ltd. | 204,839,156.10 | | | | 204,839,156.10 | |
| Cangnan Kangning Hospital Co., Ltd. | 52,734,559.81 | | | 121,504.64 | 52,856,064.45 | |
| Yueqing Kangning Hospital Co., Ltd. | 2,158,750.75 | | | 36,822.31 | 2,195,573.06 | |
| Yongjia Kangning Hospital Co., Ltd. | 27,726,747.90 | | | 25,492.37 | 27,752,240.27 | |
| Qingtian Kangning Hospital Co., Ltd. | 32,856,644.25 | | | 39,654.79 | 32,896,299.04 | |
| Linhai Kangning Hospital Co., Ltd. | 4,816,159.56 | | | 10,765.55 | 4,826,925.11 | |
| Wenzhou Lucheng Yining Hospital Co., Ltd. | 51,000,000.00 | 9,000,000.00 | | | 60,000,000.00 | |
| Pingyang Changgeng Yining Hospital Co., Ltd. | 154,781,669.47 | | 154,780,909.83 | -759.64 | 29,051,800.00 | |
| Jinyun Shuning Hospital Co., Ltd. | 29,051,800.00 | | | | 14,510,000.00 | |
| Dongkou Lening Hospital Co., Ltd. | 14,510,000.00 | | | | 500,000.00 | |
| Wenzhou Kangning Psychological Consulting Co., Ltd. | 500,000.00 | | | | 6,660,000.00 | |
| Jiaying Julikang Zizheng Equity Investment Partnership (Limited Partnership) | 6,660,000.00 | | | | 175,137,878.50 | |
| Wenzhou Yining Elderly Hospital Co., Ltd. | 174,928,555.51 | | 209,322.99 | | 442,803.01 | |
| Total | 771,544,043.35 | 9,000,000.00 | 155,545,909.83 | 625,440,936.53 | | |

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

15.3 Long-term equity investments (Continued)

15.3.2 Investments in associates and joint ventures

| Investee | Balance as at the end of the previous period | Increase/decrease in current year | | | | | Balance as at the end of the period | Balance of provision for impairment as at the end of the period |
|---|--|--|--|--|-------------------------|--|-------------------------------------|---|
| | | Balance of provision for impairment as at the end of the previous period | Profit or loss on investments recognised under the equity method | Adjustment to other comprehensive income | Changes in other equity | Cash dividends or profits declared to be distributed | | |
| Hangzhou Anken Medical Technology Co., Ltd. | 6,889,165.91 | | 1,733,956.37 | | | | 8,603,122.28 | |
| Wenzhou Longwan Yining Hospital Co., Ltd. | 56,424,778.61 | | -207,881.29 | | | | 56,216,947.32 | |
| Total | 63,293,944.52 | | 1,526,125.08 | | | | 64,820,069.60 | |

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

15.4 Revenue and cost of sales

15.4.1 Details of revenue and cost of sales

| Item | Amount for the current period | | Amount for the previous period | |
|------------------|-------------------------------|----------------|--------------------------------|----------------|
| | Income | Cost | Income | Cost |
| Primary business | 180,177,905.15 | 128,368,724.76 | 185,441,722.90 | 130,785,130.41 |
| Other business | 11,453,540.65 | 1,950.00 | 7,845,218.13 | |
| Total | 191,631,445.80 | 128,370,674.76 | 193,286,941.03 | 130,785,130.41 |

Breakdown of revenue:

| Item | Amount for the current period | Amount for the previous period |
|------------------------------------|-------------------------------|--------------------------------|
| Income from primary business | 180,177,905.15 | 185,441,722.90 |
| Treatments and healthcare services | 180,177,905.15 | 185,441,722.90 |
| Income from other businesses | 11,453,540.65 | 7,845,218.13 |
| Management services | 8,183,172.17 | 6,472,852.67 |
| Rent income | 731,085.71 | 209,955.19 |
| Others | 2,539,282.77 | 1,162,410.27 |
| Total | 191,631,445.80 | 193,286,941.03 |

15.4.2 Notes to performance obligations

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

Notes to the Financial Statements

For the Six Months Ended 30 June 2025

(Amounts are expressed in RMB unless otherwise stated)

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

15.5 Investment income

| Item | Amount for the current period | Amount for the previous period |
|--|----------------------------------|-----------------------------------|
| Long-term equity investment income calculated under the cost method | | 14,061,318.98 |
| Long-term equity investment income calculated under the equity method | 1,526,125.08 | 128,019.62 |
| Total | 1,526,125.08 | 14,189,338.60 |

Definitions

| | |
|--|--|
| “Audit Committee” | the audit committee of the Board |
| “Beijing Yining Hospital” | Beijing Yining Hospital Co., Ltd. (北京怡寧醫院有限公司), a company established in the PRC with limited liability on August 17, 2015, one of the Company’s indirect non-wholly owned subsidiaries |
| “Board of Directors” or “Board” | the board of directors of the Company |
| “Cangnan Kangning Hospital” | Cangnan Kangning Hospital Co., Ltd. (蒼南康寧醫院有限公司), a company established in the PRC with limited liability on June 15, 2012, one of the Company’s wholly owned subsidiaries |
| “Cangnan Yining Nursing Centre” | Cangnan Yining Nursing Centre Co., Ltd. (蒼南怡寧護理中心有限公司), a company established in the PRC with limited liability on March 9, 2021, one of the Company’s indirect wholly owned subsidiaries |
| “Company Law” | the Company Law of the People’s Republic of China |
| “Chengdu Yining Hospital” | Chengdu Jinniu Yining Psychiatric Hospital Co., Ltd. (previously known as Chengdu Yining Hospital Co., Ltd. (成都怡寧醫院有限公司)), a company established in the PRC with limited liability on June 29, 2010, one of the Company’s indirect non-wholly owned subsidiaries |
| “Company” or “Wenzhou Kangning Hospital” | Wenzhou Kangning Hospital Co., Ltd., a joint stock limited liability company established under the laws of the PRC, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2120) |
| “CG Code” | the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules |
| “Changchun Kanglin Psychological Hospital” | Changchun Kanglin Psychological Hospital Co., Ltd. (長春康林心理醫院有限公司), a company established in the PRC with limited liability on February 16, 2016, one of the Company’s indirect non-wholly owned subsidiaries |
| “Chun’an Kangning Hospital” | Chun’an Kangning Huangfeng Hospital Co., Ltd. (淳安康寧黃鋒醫院有限公司), a company established in the PRC with limited liability on April 16, 2020, one of the Company’s indirect non-wholly owned subsidiaries |
| “Director(s)” | the director(s) of the Company |

Definitions

| | |
|-----------------------------|---|
| “Domestic Share(s)” | ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange |
| “Dongkou Lening Hospital” | Dongkou Lening Hospital Co., Ltd. (洞口樂寧醫院有限公司), a company established in the PRC with limited liability on June 5, 2018, one of the Company’s direct non-wholly owned subsidiaries |
| “EGM” | the extraordinary general meeting of the Company to be convened and held in due time |
| “Geriatric Hospital” | Wenzhou Yining Geriatric Hospital Co., Ltd. (溫州怡寧老年醫院有限公司), a company established in the PRC with limited liability on November 2, 2015, one of the Company’s indirect wholly-owned subsidiaries, is principally engaged in providing medical services for the geriatric, including geriatric psychiatric and psychological treatment |
| “Group” or “we” or “our” | the Company and its subsidiaries |
| “H Share(s)” | overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Hong Kong Stock Exchange |
| “Heze Yining Hospital” | Heze Yining Psychiatric Hospital Co., Ltd. (荷澤怡寧精神病醫院有限公司), a company established in the PRC with limited liability on April 6, 2017, one of the Company’s indirect non-wholly owned subsidiaries |
| “HKD” | the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Huainan Kangning Hospital” | Huainan Kangning Hospital Co., Ltd. (淮南康寧醫院有限公司), a company established in the PRC with limited liability on September 22, 2017, one of the Company’s indirect non-wholly owned subsidiaries |

Definitions

| | |
|--------------------------------------|---|
| “Incentive Share(s)” | Non-tradable and non-listed Domestic Shares granted under the Equity Incentive Scheme for subscription by the Participants through the employees’ shareholding platform. According to the provisions under the Equity Incentive Scheme regarding Incentive Shares held by the Participants through the employees’ shareholding platform, those Incentive Shares shall include the additional Shares in the event of conversion of capital reserve into share capital, bonus issues, share sub-division, etc. by the Company, whether or not the Incentive Shares are already unlocked |
| “Jinyun Shuning Hospital” | Jinyun Shuning Hospital Co., Ltd. (縉雲舒寧醫院有限公司), a company established in the PRC with limited liability on February 15, 2019, one of the Company’s non-wholly owned subsidiaries |
| “Longquan Kangning Hospital” | Longquan Kangning Hospital Co., Ltd. (龍泉康寧醫院有限公司), a company established in the PRC with limited liability on February 6, 2023, one of the Company’s indirect wholly owned subsidiaries |
| “Lucheng Yining Hospital” | Wenzhou Lucheng Yining Hospital Co., Ltd. (溫州鹿城怡寧醫院有限公司), a company established in the PRC with limited liability on April 2, 2020, one of the Company’s direct non-wholly owned subsidiaries |
| “Linhai Cining Hospital” | Linhai Cining Hospital Co., Ltd. (臨海慈寧醫院有限公司), a company established in the PRC with limited liability on December 11, 2020, one of the Company’s indirect wholly owned subsidiaries |
| “Macau” | the Macau Special Administrative Region of the PRC |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules |
| “Nomination Committee” | the nomination committee of the Board |
| “Participant(s)” | Directors, Supervisors, senior management of the Group (including the general manager), core technical (business) personnel, and other persons who, in the opinion of the Board shall be awarded in accordance with the provisions of the Equity Incentive Scheme and be granted with the Incentive Shares |
| “Pingyang Changgeng Yining Hospital” | Pingyang Changgeng Yining Hospital Co., Ltd. (平陽長庚怡寧醫院有限公司), a company established in the PRC with limited liability on January 14, 2021, one of the Company’s wholly owned subsidiaries |

Definitions

| | |
|------------------------------|--|
| “Pingyang Kangning Hospital” | Pingyang Kangning Hospital Co., Ltd (平陽康寧醫院有限公司), a company established in the PRC with limited liability on November 2, 2015, one of the Company’s indirect wholly owned subsidiaries |
| “Pujiang Yining Hospital” | Pujiang Yining Huangfeng Hospital Co., Ltd. (浦江怡寧黃鋒醫院有限公司), a company established in the PRC with limited liability on September 3, 2018, one of the Company’s indirect non-wholly owned subsidiaries |
| “PRC” or “China” | the People’s Republic of China which, for the purpose of this interim report, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “Proposed Interim Dividend” | the proposed interim dividend distribution plan of RMB1.80 (tax-inclusive) per 10 Shares for the six months ended June 30, 2025 subject to the approval by the Shareholders at the extraordinary general meeting as described under the section headed “INTERIM DIVIDEND” of this interim report |
| “Quzhou Yining Hospital” | Quzhou Yining Hospital Co., Ltd. (衢州怡寧醫院有限公司), a company established in the PRC with limited liability on November 20, 2015, one of the Company’s indirect non-wholly owned subsidiaries |
| “Reporting Period” | the six months ended June 30, 2025 |
| “Remuneration Committee” | the remuneration committee of the Board |
| “RMB” | the lawful currency of the PRC |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| “Share(s)” | share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including the Domestic Share(s) and the H Share(s) |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Shenzhen Yining Hospital” | Shenzhen Yining Hospital (深圳怡寧醫院, previously known as Shenzhen Yining Hospital Co., Ltd. (深圳市怡寧醫院有限公司)), a company established in the PRC with limited liability on September 22, 2014, one of the Company’s indirect non-wholly owned subsidiaries |

Definitions

| | |
|--|---|
| “Strategy and Risk Management Committee” | the strategy and risk management committee of the Board |
| “subsidiary” or “subsidiaries” | has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) |
| “substantial Shareholder(s)” | has the meaning ascribed thereto in the Hong Kong Listing Rules |
| “Supervisor(s)” | the members of the Supervisory Committee |
| “Supervisory Committee” | the Company’s supervisory committee established pursuant to the PRC Company Law |
| “treasury shares” | has the meaning ascribed thereto in the Hong Kong Listing Rules |
| “Wenzhou Ouhai Yining Elderly Hospital” | Wenzhou Ouhai Yining Elderly Hospital Co., Ltd. (溫州甌海怡寧老年醫院有限公司), a company established in China with limited liability on March 8, 2021, one of the non-wholly owned subsidiaries of the Company |
| “Yining Psychology Internet Hospital” | Yining Psychology Internet Hospital (Wenzhou) Co., Ltd. (怡寧心理互聯網醫院(溫州)有限公司), a company established in the PRC with limited liability on March 10, 2020, one of the Company’s indirect wholly owned subsidiaries |
| “Yongjia Kangning Hospital” | Yongjia Kangning Hospital Co., Ltd. (永嘉康寧醫院有限公司), a company established in the PRC with limited liability on December 12, 2012, one of the Company’s wholly owned subsidiaries |
| “%” | percentage ratio |

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