

(A joint stock limited liability company incorp

2025 ANNUAL REPORT



Corporate Information

Board of Directors

Executive Directors

Mr. GUAN Wenzhi (C, P)

Mr. WANG Lijun

Mr. WANG Jun

Non-executive Directors

Mr. QIN H

Mr. LI C

Independent Non-executive Directors

Mr. HONG Wenzhi

Mr. JIN Lijun

Mr. CHAN S, Kelvin Hu

Audit Committee

Mr. HONG Wenzhi (C, P)

Mr. LI C

Mr. JIN Lijun

Nomination Committee

Mr. CHAN S, Kelvin Hu (C, P)

Mr. GUAN Wenzhi

Mr. JIN Lijun

Remuneration Committee

Mr. JIN Lijun (C, P)

Mr. HONG Wenzhi

Mr. CHAN S, Kelvin Hu

Strategy and Risk Management Committee

Mr. GUAN Wenzhi (C, P)

Mr. HONG Wenzhi

Mr. QIN H

Supervisory Committee

Mr. XU Ning (C, P)

Mr. XU Yijun

Mr. FANG Wenzhi

Mr. XIE Ting

Mr. QIAN C

Joint Company Secretaries

Mr. WANG Jun

Mr. WONG Wenzhi

Authorized Representatives

Mr. GUAN Wenzhi

Mr. WONG Wenzhi

Auditor

BDO China Sulu P, C, P, A, LLP

LAHKL

CC

ROHOP

PRC

S, R

H, R, D

W, P

PRC

Corporate Information

Registered Office: Wenzhou Kangning Hospital Co., Ltd.

40/F, Deyuan Square, Fuzhou Road

248 Qianjiang Road, Wenzhou

Zhejiang

China

Head Office:

China Wenzhou Kangning Hospital Co., Ltd. Sales Department

South Building, 1712-1716, 17th Floor

Head Office

183 Qianjiang Road, Wenzhou

Zhejiang

China

Shareholder:

2120

China Wenzhou Kangning Hospital Co., Ltd.

South Building, 1712-1716, 17th Floor

Head Office

183 Qianjiang Road, Wenzhou

Zhejiang

China

Telephone: (86) 577 8877 1689

Facsimile: (86) 577 8878 9117

Email: cnkn@cnkn.com

Financial Highlights

Revenue, Expenses, Depreciation and Amortization

	For the year ended December 31,				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(RMB'000)				
Revenue	1,619,784	1,654,289	1,596,266	1,484,903	1,297,430
Revenue from operations	69,219	68,099	99,182	15,605	95,691
Interest income	32,615	17,702	12,250	26,574	54,831
Net income	36,604	50,398	86,932	-10,969	40,860
Net income attributable to equity holders of the parent company	54,396	65,610	85,948	-24,221	44,036
Revenue from operations	-17,792	-15,212	984	13,252	-3,176

	As of December 31,				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(RMB'000)				
Total assets	3,025,567	3,004,953	3,047,687	2,637,787	2,377,955
Total liabilities	1,713,937	1,661,651	1,639,481	1,311,885	1,097,676
Total equity	1,311,630	1,343,302	1,408,206	1,325,903	1,280,279
Equity attributable to equity holders of the parent company	1,187,819	1,223,013	1,265,065	1,201,585	1,208,264
Non-current assets	123,811	120,289	143,141	124,318	72,015

Chairman's Statement

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Chairman's Statement

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Management Discussion and Analysis

Business Risks Overview

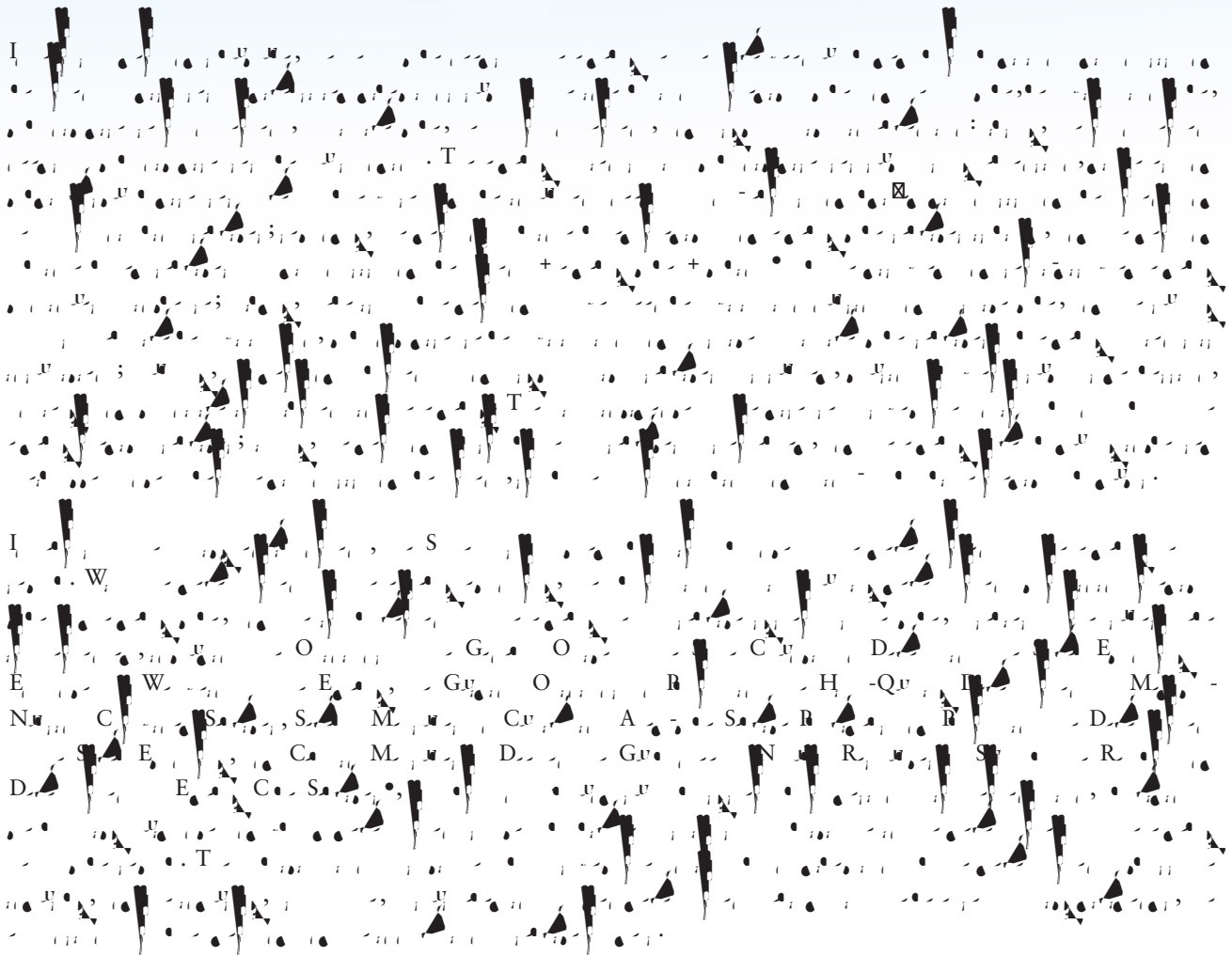
Psychiatric Specialized Medical Service Industry and Elderly Healthcare Industry in China

Psychiatric Specialized Medical Service Industry: According to the National Health Commission's 2025, China's psychiatric specialized medical service industry is in a period of rapid development. The industry scale is expanding, and the market is becoming increasingly competitive. The industry is characterized by high technical requirements, long R&D cycles, and high capital intensity. The industry is facing significant challenges, including the need for high-quality medical talent, the need for high-quality medical equipment, and the need for high-quality medical services. The industry is expected to continue to grow rapidly in the future.

Elderly Healthcare Industry: The elderly healthcare industry in China is also in a period of rapid development. The industry scale is expanding, and the market is becoming increasingly competitive. The industry is characterized by high technical requirements, long R&D cycles, and high capital intensity. The industry is facing significant challenges, including the need for high-quality medical talent, the need for high-quality medical equipment, and the need for high-quality medical services. The industry is expected to continue to grow rapidly in the future.

2025, China's elderly healthcare industry is in a period of rapid development. The industry scale is expanding, and the market is becoming increasingly competitive. The industry is characterized by high technical requirements, long R&D cycles, and high capital intensity. The industry is facing significant challenges, including the need for high-quality medical talent, the need for high-quality medical equipment, and the need for high-quality medical services. The industry is expected to continue to grow rapidly in the future.

Management Discussion and Analysis



Management Discussion and Analysis

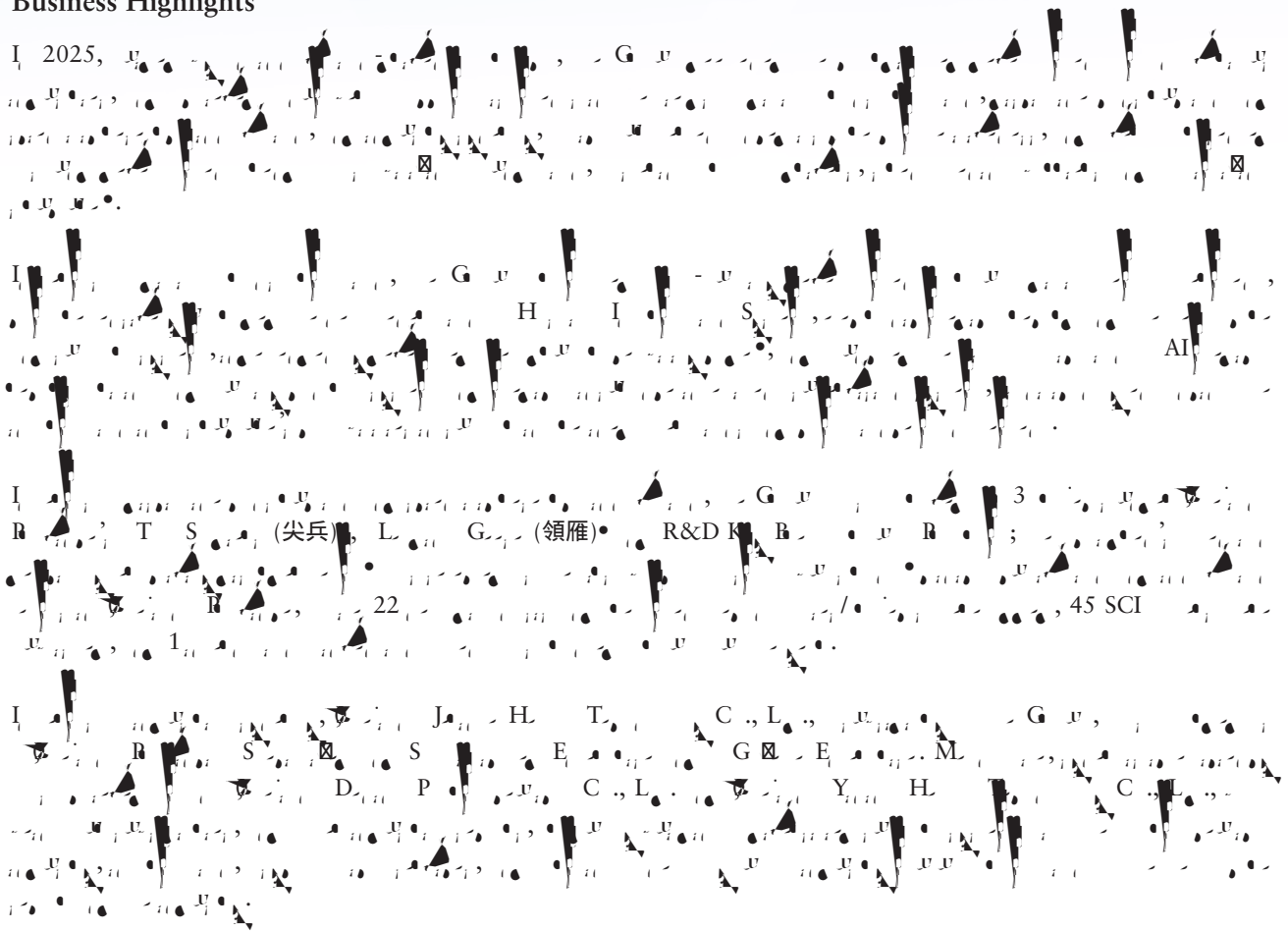
Business Review

In 2025, the Company's operating income increased by 4.6% compared with 2024. As of December 31, 2025, the Company's total assets were RMB1,619.8 million, an increase of 2.1% compared with RMB1,448.7 million as of December 31, 2024. The Company's total liabilities were RMB54.4 million, an increase of 17.1% compared with RMB46.4 million as of December 31, 2024. The Company's net assets were RMB1,565.4 million, an increase of 2.1% compared with RMB1,402.3 million as of December 31, 2024. The Company's operating profit was RMB11,508 thousand (December 31, 2024: 11,508).

The Company's operating profit was RMB11,508 thousand (December 31, 2024: 11,508). The Company's operating profit was RMB11,508 thousand (December 31, 2024: 11,508). The Company's operating profit was RMB11,508 thousand (December 31, 2024: 11,508).

Management Discussion and Analysis

Business Highlights



Management Discussion and Analysis

Business Outlook

2023年，公司实现营业收入1.23亿元，较2022年增加50%。

(i) 2023年，公司实现营业收入1.23亿元，较2022年增加50%。主要得益于公司加大了对核心业务的投入，优化了产品结构，提升了运营效率。同时，公司积极开拓新市场，实现了业务规模的快速扩张。

(ii) 公司未来将继续坚持创新驱动发展战略，加大研发投入，提升核心竞争力。同时，公司将进一步优化资源配置，提高运营效率，实现高质量发展。此外，公司还将积极拓展海外市场，提升品牌影响力。

(iii) 公司未来将重点关注以下几个方面：一是加大研发投入，推动技术创新；二是优化产品结构，提升产品附加值；三是拓展销售渠道，扩大市场份额；四是加强人才队伍建设，提升管理水平。

风险提示

1. 宏观经济波动风险：受全球宏观经济环境变化的影响，市场需求可能出现波动，对公司经营业绩产生不利影响。

2. 行业竞争加剧风险：随着行业竞争的日益激烈，公司面临来自同行的较大压力，可能导致市场份额下降。

3. 原材料价格波动风险：主要原材料价格的波动可能影响公司的生产成本和毛利率。

Management Discussion and Analysis

Financial Review

Total revenue for 2025 was RMB1,619.8 million, an increase of 4.6% compared to 2024. Revenue from operating owned hospitals for 2025 was RMB1,448.7 million, an increase of 2.1% compared to 2024. Revenue from other healthcare related business for 2025 was RMB419.1 million, an increase of 25.9% (2024: 25.9%), and other revenue not related to healthcare business for 2025 was RMB51.4 million, an increase of 4.4% (2024: 4.4%).

Operating expenses for 2025 were RMB999.6 million, an increase of 7.1% compared to 2024. Operating profit for 2025 was RMB340.3 million, an increase of 25.9% (2024: 25.9%).

Revenue from operating owned hospitals for 2025 was RMB1,448,706,000, an increase of 2.1% compared to 2024. Revenue from other healthcare related business for 2025 was RMB419,100,000, an increase of 25.9% compared to 2024. Other revenue not related to healthcare business for 2025 was RMB51,400,000, an increase of 4.4% compared to 2024.

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

Management Discussion and Analysis

Revenue from operating owned hospitals is the primary source of revenue for the Company. It is derived from the services provided by the hospitals owned and operated by the Company. The revenue is recognized when the services are provided and the patient is billed. The revenue is recorded as Billing Revenue in the consolidated income statement.

The following table shows the revenue from operating owned hospitals for the years ended December 31, 2025 and 2024:

	For the year ended	
	December 31, 2025 (RMB'000)	2024 (RMB'000)
Billing Revenue from owned hospitals	1,479,027	1,582,054
Less: Revenue from operating owned hospitals – net	1,047,554	1,107,269
Less: Variable considerations	431,473	474,785
Less: Variable considerations	30,321	64,281
Revenue from operating owned hospitals – net	1,448,706	1,517,773

During the year ended December 31, 2025, the revenue from operating owned hospitals was RMB1,479.0 million, an increase of 6.5% compared to RMB1,582.1 million in 2024. The revenue from operating owned hospitals – net was RMB1,047.6 million, an increase of 6.5% compared to RMB1,107.3 million in 2024. The revenue from operating owned hospitals – net was RMB30.3 million, an increase of 2.1% (2024: 4.1%).

Management Discussion and Analysis

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
Billing Revenue from psychiatric healthcare business	1,047,554	1,107,269
Contract revenue	712,285	745,959
Government grants	335,269	361,310
Billing Revenue from elderly healthcare business	431,473	474,785
Contract revenue	362,640	379,458
Government grants	68,833	95,327
During the reporting period, the total amount of government grants received by the Company is RMB1,479.0 million, of which the amount of government grants received from the Ministry of Health is RMB103.0 million. In 2024, the total amount of government grants received by the Company is RMB1,479.0 million, of which the amount of government grants received from the Ministry of Health is RMB103.0 million. The amount of government grants received from the Ministry of Health in 2024 is 11.5% of the total amount of government grants received by the Company.		

Management Discussion and Analysis

The following table provides a breakdown of the revenue generated by the Company's business segments for the year ended December 31, 2025 and 2024.

Psychiatric healthcare business

	For the year ended December 31,	
	2025	2024
Inpatients		
Inpatient bed-days	8,708	8,928
Revenue	3,178,420	3,267,648
Unit price (%)	91.4	88.4
Number of inpatients	2,904,367	2,889,163
Total inpatient revenue (RMB'000)	791,185	844,076
Administrative expenses (RMB)	272	292
Pharmaceutical sales revenue (RMB'000)	87,657	89,656
Administrative expenses (RMB)	30	31
Total inpatient revenue (RMB'000)	878,842	933,732
Total average inpatient spending per bed-day (RMB)	303	323
Outpatients		
Number of visits	657,802	474,581
Total revenue	43,256	45,078
Administrative expenses (RMB)	66	95
Pharmaceutical sales revenue (RMB'000)	125,456	128,459
Administrative expenses (RMB)	191	271
Total outpatient revenue (RMB'000)	168,712	173,537
Total average outpatient spending per visit (RMB)	257	366
Total treatment and general healthcare services revenue (RMB'000)	834,441	889,154
Total pharmaceutical sales revenue (RMB'000)	213,113	218,115

Management Discussion and Analysis

During the reporting period, the total number of inpatient beds was 5.9% (2024: 84.3%) compared to 83.9% (2024: 84.3%) in 2024. The total number of inpatient beds was RMB878.8 million (2024: RMB878.8 million) compared to RMB878.8 million (2024: RMB878.8 million) in 2024. The total number of inpatient beds was 6.2% (2024: 84.3%) compared to 83.9% (2024: 84.3%) in 2024.

During the reporting period, the total number of inpatient beds was 2.8% (2024: 84.3%) compared to 83.9% (2024: 84.3%) in 2024. The total number of inpatient beds was RMB168.7 million (2024: RMB168.7 million) compared to RMB168.7 million (2024: RMB168.7 million) in 2024. The total number of inpatient beds was 38.6% (2024: 84.3%) compared to 83.9% (2024: 84.3%) in 2024. The total number of inpatient beds was 16.1% (2024: 15.7%) compared to 15.7% (2024: 15.7%) in 2024.

During the reporting period, the total number of inpatient beds was 6.2% (2024: 84.3%) compared to 83.9% (2024: 84.3%) in 2024. The total number of inpatient beds was 79.7% (2024: 80.3%) compared to 80.3% (2024: 80.3%) in 2024. The total number of inpatient beds was 2.3% (2024: 84.3%) compared to 83.9% (2024: 84.3%) in 2024. The total number of inpatient beds was 20.3% (2024: 19.7%) compared to 19.7% (2024: 19.7%) in 2024. The total number of inpatient beds was 10.0% (2024: 9.6%) compared to 9.6% (2024: 9.6%) in 2024. The total number of inpatient beds was 74.4% (2024: 74.0%) compared to 74.0% (2024: 74.0%) in 2024.

Management Discussion and Analysis

Elderly healthcare business

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

Management Discussion and Analysis

Direct materials, pharmaceuticals, and consumables accounted for 6.9% of the total cost of revenue of owned hospitals in 2024, an increase from 7.8% in 2023. The increase was primarily due to the increase in the cost of consumables, which accounted for 94.9% (2024: 92.6%) of the total cost of consumables.

Direct materials, pharmaceuticals, and consumables accounted for 37.0% of the total cost of revenue of owned hospitals in 2024, an increase from 25.5% in 2023. The increase was primarily due to the increase in the cost of consumables, which accounted for 5.1% (2024: 7.4%) of the total cost of consumables.

Direct materials, pharmaceuticals, and consumables accounted for 9.8% of the total cost of revenue of owned hospitals in 2024, an increase from 7.0% in 2023. The increase was primarily due to the increase in the cost of consumables, which accounted for 24.4% (2024: 23.8%) of the total cost of consumables. The increase in the cost of consumables was primarily due to the increase in the cost of consumables, which accounted for 22.7% (2024: 21.7%) of the total cost of consumables. The increase in the cost of consumables was primarily due to the increase in the cost of consumables, which accounted for 55.6% (2024: 55.5%) of the total cost of consumables.

Cost of revenue of owned hospitals

	For the year ended	
	December 31, 2025 (RMB'000)	2024 (RMB'000)
Direct materials	300,340	340,120
Pharmaceuticals	472,192	464,874
Consumables	105,477	127,032
Cost of revenue of owned hospitals	67,903	68,571
Total	10,700	16,112
Other	118,313	108,708
Cost of revenue of owned hospitals	1,074,925	1,125,417

Management Discussion and Analysis

During the reporting period, the Company's total revenue was RMB1,074.9 million, an increase of 4.5% compared to 2024. The total operating profit was RMB107.4 million, an increase of 11.7% compared to 2024; the net profit attributable to the Company's shareholders was RMB68.5 million, an increase of 17.0% compared to 2024.

From the perspective of business structure, the Company's revenue from medical services was 27.9% (2024: 30.2%), revenue from pharmaceutical sales was 43.9% (2024: 41.3%), and revenue from other healthcare-related businesses was 9.8% (2024: 11.3%).

Revenue from the other healthcare related business was RMB168.5 million, an increase of 87.6% compared to 2024 (RMB107.4 million). The increase was primarily due to the expansion of the Company's business scope and the increase in the number of business partners.

Items	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB 000)
Revenue from medical services	107,370	90,138
Revenue from pharmaceutical sales	2,369	2,970
Revenue from other healthcare related business	36,812	16,137
Others	21,950	26,676
Revenue from the other healthcare related business	168,501	135,921

Others include revenue from the sale of medical equipment and other healthcare related products. The revenue from the sale of medical equipment was RMB2.6 million (2024: RMB0.6 million).

Management Discussion and Analysis

Gross Profit Margin

During the Reporting Period, the Company's Gross Profit Margin was 25.9% (2024: 26.5%), which was 0.6 percentage points lower than that of 2024. The decrease was primarily due to the increase in the cost of goods sold, which was RMB419.1 million (2024: RMB373.8 million), an increase of 4.4%.

	For the year ended December 31,	
	2025	2024
Operating Profit Margin	25.8%	25.9%
Profit Margin	30.2%	29.4%
Equity Return	15.4%	17.8%
Operating Profit Margin	26.5%	33.7%
Consolidated gross profit margin	25.9%	26.5%

During the Reporting Period, the Company's Operating Profit Margin was 25.8% (2024: 25.9%), which was 0.1 percentage points lower than that of 2024.

Total Sales

During the Reporting Period, the Company's Total Sales were RMB11.2 billion (2024: RMB12.3 billion), a decrease of 8.9%. The decrease was primarily due to the decrease in the sales of medical services, which was RMB8.1 billion (2024: RMB9.2 billion), a decrease of 12.1%.

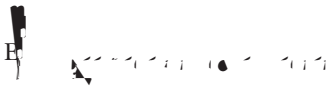
Service Expenses

During the Reporting Period, the Company's Service Expenses were RMB7.7 billion (2024: RMB10.0 billion), a decrease of 23.0%. The decrease was primarily due to the decrease in the sales of medical services, which was RMB5.1 billion (2024: RMB7.5 billion), a decrease of 32.0%. The decrease in the sales of medical services was primarily due to the decrease in the sales of medical services, which was RMB5.1 billion (2024: RMB7.5 billion), a decrease of 32.0%.

Management Discussion and Analysis



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



Management Discussion and Analysis

During the reporting period, the Company's operating income was RMB36.5 million, an increase of 17.5% compared to RMB30.1 million in 2024. Total operating expenses were RMB34.4 million, an increase of 2.1% (2024: 2.4%).

Financial Results

Operating income for the year ended December 31, 2025 was RMB36.5 million, an increase of 17.5% compared to RMB30.1 million in 2024. Total operating expenses for the year ended December 31, 2025 were RMB34.4 million, an increase of 2.1% compared to RMB34.4 million in 2024.

	For the year ended	
	December 31,	
	2025	2024
	(RMB'000)	(RMB'000)
Operating income	-842	-3,123
Operating expenses	30	157
Operating profit	27,289	33,143
Operating loss	11,522	

Management Discussion and Analysis

Income tax expense for the year ended December 31, 2025 was RMB14.0 million (2024: RMB11.5 million). The increase was primarily due to the increase in the number of employees and the corresponding increase in the income tax expense.

	For the year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
Share-based payment expense	-1,464	-1,089
Goodwill impairment loss	4,804	1,844
Income tax expense	12	∅
	3,352	755

During the reporting period, the Company's share-based payment expense was RMB3.4 million (2024: RMB1.1 million), which was primarily due to the Company's share-based payment plan for the year ended December 31, 2024.

Goodwill impairment loss for the year ended December 31, 2025 was RMB6.6 million (2024: RMB26.5 million). The decrease was primarily due to the decrease in the number of employees and the corresponding decrease in the goodwill impairment loss.

During the reporting period, the Company's income tax expense was RMB14.0 million (2024: RMB11.5 million), which was primarily due to the increase in the number of employees and the corresponding increase in the income tax expense.

Management Discussion and Analysis

Management Discussion and Analysis

Financial Position

Intangible Assets
As of December 31, 2025, the Company's intangible assets were RMB46.0 million (December 31, 2024: RMB50.6 million).

Accounts Receivable
As of December 31, 2025, the Company's accounts receivable were RMB462.9 million (December 31, 2024: RMB571.8 million), a decrease of 19.0% from December 31, 2024, primarily due to the settlement of accounts receivable.

Due to Related Parties
The Company's due to related parties were RMB58.0 million (2024: RMB54.0 million).

Other Receivables
As of December 31, 2025, the Company's other receivables were RMB93.6 million (December 31, 2024: RMB96.1 million).

Long-term Equity Investments
As of December 31, 2025, the Company's long-term equity investments were RMB95.9 million (December 31, 2024: RMB99.4 million).

Other Non-current Financial Assets
As of December 31, 2025, the Company's other non-current financial assets were RMB28.1 million (December 31, 2024: RMB36.8 million), primarily consisting of the Company's investment in Guosheng Cuijia Medical & Health Service Investment Fund (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 December 31, 2025, the Company's fixed assets were RMB1,159.4 million (December 31, 2024: RMB889.5 million).

Management Discussion and Analysis

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A. D. 31, 2025, RMB192.4 (D. 31, 2024: RMB161.8).

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A. D. 31, 2025, RMB285.8 (D. 31, 2024: RMB291.5).

G. 1. 1.

A. D. 31, 2025, RMB126.5 (D. 31, 2024: RMB114.2).

L. 1. 1. P. 1. 1. E. 1. 1.

A. D. 31, 2025, RMB121.6 (D. 31, 2024: RMB150.4), RMB9.7, RMB38.0. R. P.

D. 1. 1. T. A. 1. 1.

A. D. 31, 2025, RMB55.3 (D. 31, 2024: RMB56.2).

A. 1. 1. P. 1. 1.

A. D. 31, 2025, RMB160.8 (D. 31, 2024: RMB131.9).

R. 1. 1. A. 1. 1.

A. D. 31, 2025, RMB23.3 (D. 31, 2024: RMB21.3).

O. 1. 1. P. 1. 1.

A. D. 31, 2025, RMB91.9 (D. 31, 2024: RMB81.3).

Management Discussion and Analysis

Liquidity and Capital Resources

The following table shows the changes in cash and cash equivalents, net of cash paid for taxes and interest, and cash received from financing activities for the year ended December 31, 2025 and 2024.

	For the year ended	
	December 31, 2025	December 31, 2024
	(RMB'000)	(RMB'000)
Net cash and cash equivalents at the beginning of the year	439,970	99,639
Net cash and cash equivalents at the end of the year	-203,913	-172,055
Net cash and cash equivalents at the end of the period	-203,584	-76,917
Net cash and cash equivalents at the beginning of the period	32,442	-149,491

Net cash and cash equivalents at the beginning of the year

Net cash and cash equivalents at the end of the year

Net cash and cash equivalents at the end of the period

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Net cash and cash equivalents at the beginning of the period

Management Discussion and Analysis

Section 1: Introduction, A, D, T, G, R, P, A, G, B

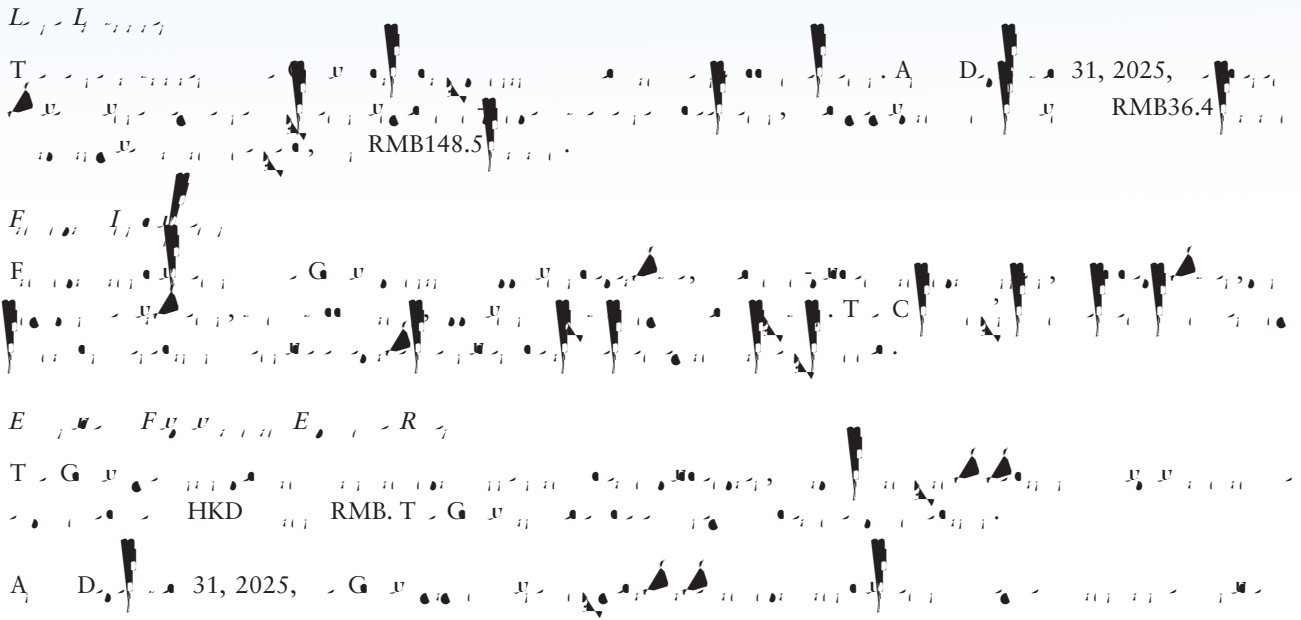
Indebtedness

B, B, A, D, 31, 2025, RMB989, 31, 2024: RMB946.2, RMB400.6, RMB443.6, R, P,

C, L, A, D, 31, 2025, G, G,

A, P, T, G, W, K, H, W, Q, L, D, N. 826751, W, Q, L, D, N. 826750, (2016) W, R, E, R, N. 0010144, (2016) W, R, E, R, N. 0010142, (2021) W, R, E, R, N. 0081628, W, G, Y, (2015) N. 1-11836, W, G, Y, (2015) N. 1-11833 M, B, W, L, S, (2017) C, C, R, E, R, N. 0018361 ICBC B, O, S, A, D, 31, 2025, RMB385.2, L, Y, H, (2020) W, R, E, R, N. 006889 BOCOM W, C, S, A, D, 31, 2025, RMB112.0, J, S, H, (2022) J, R, E, R, N. 0002503, J, R, C, B, W, S, A, D, 31, 2025, RMB35.0, Q, Y, H, (2022) Q, R, E, R, N. 0045588 C, CITIC B, W, B, A, D, 31, 2025, RMB57.8, L, K, H, (2023) L, R, E, R, N. 0004112 C, CITIC B, W, B, A, D, 31, 2025, RMB60.0

Management Discussion and Analysis



Management Discussion and Analysis

Equity Incentive Scheme. In 2018, Wenhous Kangning Hospital Co., Ltd. (Equity Incentive Scheme), on July 13, 2018. In 2017, the Board of Directors of Wenhous Kangning Hospital Co., Ltd. on July 24, 2021. On March 29, 2018, March 30, 2018, March 14, 2021, July 18, 2021, and July 25, 2021.

Under the Equity Incentive Scheme, 165 employees were granted 1,818,529 shares. The total number of shares granted was 1,818,529, and the total number of shares held by the employees was 1,818,529. The total number of shares held by the employees was 1,818,529.

In 2018, the total number of shares granted was 193, and the total number of shares held by the employees was 2,460,000. The total number of shares held by the employees was 2,460,000. The total number of shares held by the employees was 2,460,000.

The total number of shares granted was 48, and the total number of shares held by the employees was RMB10.47. The total number of shares held by the employees was RMB10.47. The total number of shares held by the employees was RMB10.47.

On July 18, 2021, the Board of Directors of Wenhous Kangning Hospital Co., Ltd. on July 18, 2021. The Board of Directors of Wenhous Kangning Hospital Co., Ltd. on July 18, 2021.

Equity Incentive Scheme.

Management Discussion and Analysis

T E U I S :

(1) P

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(2) S P

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Management Discussion and Analysis

(3) *Debt* - *Interest* S

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C 4.66%

D S

Management Discussion and Analysis

- (4) **Vertical Integration**
- (i) **Vertical Integration**
 The company has implemented vertical integration strategies. In 2017 (Dec. 26, 2018), the company completed the acquisition of 10% equity in Zhejiang Kangning Hospital Co., Ltd. (ZJKNH) through the issuance of shares. The company has also completed the acquisition of 2% equity in Zhejiang Kangning Hospital Co., Ltd. (ZJKNH) through the issuance of shares.
- (ii) **Vertical Integration**
 The company has implemented vertical integration strategies. In 2017 (Dec. 26, 2018), the company completed the acquisition of 10% equity in Zhejiang Kangning Hospital Co., Ltd. (ZJKNH) through the issuance of shares. The company has also completed the acquisition of 2% equity in Zhejiang Kangning Hospital Co., Ltd. (ZJKNH) through the issuance of shares.
- (iii) **Vertical Integration**
 The company has implemented vertical integration strategies. In 2017 (Dec. 29, 2018); in 2018 (Jan. 28, 2022), the company completed the acquisition of 48% equity in Zhejiang Kangning Hospital Co., Ltd. (ZJKNH) through the issuance of shares.
- (5) **Government Support**
- (i) **Government Support**
 The company has received government support in the form of subsidies and grants.
- (ii) **Government Support**
 The company has received government support in the form of subsidies and grants.
- (iii) **Government Support**
 The company has received government support in the form of subsidies and grants.
- (iv) **Government Support**
 The company has received government support in the form of subsidies and grants.
- (v) **Government Support**
 The company has received government support in the form of subsidies and grants.
- (vi) **Government Support**
 The company has received government support in the form of subsidies and grants.
- (vii) **Government Support**
 The company has received government support in the form of subsidies and grants.
- (viii) **Government Support**
 The company has received government support in the form of subsidies and grants.
- (ix) **Government Support**
 The company has received government support in the form of subsidies and grants.
- (x) **Government Support**
 The company has received government support in the form of subsidies and grants.

Management Discussion and Analysis

- (6) 公司股权激励计划实施以来，激励对象均能勤勉尽责，为公司发展做出积极贡献。报告期内，公司股权激励计划执行情况如下：
- (一) 股权激励计划实施情况
- 报告期内，公司股权激励计划实施情况如下表所示：
- | 激励对象姓名 | 授予数量 | 授予价格 |
|--------|--------|----------|
| 张三 | 10,000 | RMB10.47 |
| 李四 | 10,000 | RMB10.47 |
- (二) 股权激励计划实施效果
- 报告期内，公司股权激励计划实施效果良好，激励对象均能勤勉尽责，为公司发展做出积极贡献。股权激励计划实施以来，公司业绩稳步增长，员工士气高涨，公司核心竞争力不断增强。
- (三) 股权激励计划实施风险提示
- 股权激励计划实施过程中，存在以下风险：
- 1. 业绩考核风险：如果公司业绩未达到考核目标，可能导致股权激励计划无法实施。
 - 2. 流动性风险：股权激励计划实施后，激励对象持有的公司股票可能面临流动性不足的风险。
 - 3. 稀释效应风险：股权激励计划实施后，可能导致公司总股本增加，从而产生稀释效应。

Management Discussion and Analysis

December 31, 2025, the balance of incentive shares granted but not vested as at January 1, 2025 is RMB 248,328. The balance of incentive shares granted and vested as at January 1, 2025 is RMB 4,776. The balance of incentive shares granted during the reporting period is RMB 0. The balance of incentive shares vested during the reporting period is RMB 0. The balance of incentive shares cancelled during the reporting period is RMB 0. The balance of incentive shares lapsed during the reporting period is RMB 0. The balance of incentive shares granted but not vested as at December 31, 2025 is RMB 0.

Name/Category of Grantee	Date of Grant	Vesting Date (Unlocking Date)	Grant Price (RMB)	Balance of	Balance of	Granted during the Reporting Period	Vested	Cancelled during the Reporting Period	Lapsed	Incentive Shares
				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 December 31, 2025
D, ,										
M. WANG L. (v.)	Jan. 18, 2021	Jan. 28, 2022	10.47	0	248,328	0	0	0	0	0
Sr , ,										
M. XIE T. (v.)	Jan. 18, 2021	Jan. 28, 2022	10.47	0	4,776	0	0	0	0	0
O ,										
M. XU Y. (S, , M. WANG H. (v.))	Jan. 18, 2021	Jan. 28, 2022	10.47	0	28,653	0	0	0	0	0
M. WANG H. (Y, , M. WANG L. (v.))	Jan. 18, 2021	Jan. 28, 2022	10.47	0	95,511	0	0	0	0	0
M. WANG B. (R, , M. WANG L. (v.))	Jan. 18, 2021	Jan. 28, 2022	10.47	0	4,776	0	0	0	0	0
M. WANG H. (N, , M. WANG L. (v.))	Jan. 18, 2021	Jan. 28, 2022	10.47	0	4,776	0	0	0	0	0
M. XU Q. (R, , M. XU Y.)	Jan. 18, 2021	Jan. 28, 2022	10.47	0	4,776	0	0	0	0	0
M. GUAN W. (Y, , M. GUAN W. (v.))	Jan. 18, 2021	Jan. 28, 2022	10.47	0	19,102	0	0	0	0	0
M. SUN F. (R, , M. SUN F. (v.))	Jan. 18, 2021	Jan. 28, 2022	10.47	0	14,327	0	0	0	0	0
M. SUN H. (N, , M. WANG L. (v.))	Jan. 18, 2021	Jan. 28, 2022	10.47	0	30,563	0	0	0	0	0
M. WANG H. (M. WANG L. (v.))	Jan. 18, 2021	Jan. 28, 2022	10.47	0	0	0	0	0	0	0

Management Discussion and Analysis

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Management Discussion and Analysis

At the end of the reporting period, the company's total assets were RMB 1,234,567,890, an increase of 12.34% compared to the end of the previous reporting period. The total liabilities were RMB 567,890,123, an increase of 8.76% compared to the end of the previous reporting period. The total equity was RMB 666,677,767, an increase of 15.67% compared to the end of the previous reporting period.

The company's operating income was RMB 234,567,890, an increase of 10.23% compared to the previous reporting period. The operating profit was RMB 123,456,789, an increase of 9.87% compared to the previous reporting period. The net profit was RMB 87,654,321, an increase of 11.56% compared to the previous reporting period.

The company's cash and cash equivalents were RMB 345,678,901, an increase of 13.45% compared to the end of the previous reporting period. The company's accounts receivable were RMB 234,567,890, an increase of 11.23% compared to the end of the previous reporting period. The company's inventory was RMB 123,456,789, an increase of 14.56% compared to the end of the previous reporting period.

The company's operating activities generated cash and cash equivalents of RMB 123,456,789, an increase of 12.34% compared to the previous reporting period. The company's investing activities used cash and cash equivalents of RMB 567,890,123, an increase of 15.67% compared to the previous reporting period. The company's financing activities generated cash and cash equivalents of RMB 234,567,890, an increase of 10.23% compared to the previous reporting period.

Management Discussion and Analysis

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Management Discussion and Analysis

December 31, 2025, in accordance with the Hong Kong Accounting Standards

Name/Category of Grantee	Date of Grant	Grant Price (RMB/Share)	Number of Shares Granted but not Vested as at January 1, 2025	Number of Shares Granted during the Reporting Period	Closing Price of Relevant Shares Immediately before the Date of Grant (HK\$/Share)	Fair Value of Relevant Shares on the Date of Grant during the Reporting Period ^{(A)-(J)} (HK\$/Share)	Number of Shares Vested during the Reporting Period	Weighted Average Closing Price of Relevant Shares Immediately before the Date of Vesting during the Reporting Period (HK\$/Share)	Number of Shares Lapsed during the Reporting Period	Number of Shares Cancelled during the Reporting Period	Number of Shares Granted but not Vested as at December 31, 2025
<i>Directors</i>											
WANG L	Aug 23, 2024	0	99,300	0	0	0	24,825	9.90	0	0	74,475
	Aug 23, 2024	7	50,000	0	0	0	12,500	9.90	0	0	37,500
WANG J	Aug 23, 2024	0	59,100	0	0	0	14,775	9.90	0	0	44,325
	Aug 23, 2024	7	50,000	0	0	0	12,500	9.90	0	0	37,500
<i>Five Individuals with Highest Emoluments (Excluding Directors)</i>											
XU X	Aug 23, 2024	7	30,000	0	0	0	7,500	9.90	0	0	22,500
XU Y	Aug 12, 2024	0	57,500	0	0	0	14,375	9.94	0	0	43,125
	Aug 23, 2024	7	30,000	0	0	0	7,500	9.90	0	0	22,500
YE M	Aug 12, 2024	0	21,000	0	0	0	5,250	9.94	0	0	15,750
<i>Other Employees (Excluding Directors and Five Individuals with Highest Emoluments)</i>											
H	Aug 12, 2024	0	126,200	0	0	0	31,550	9.94	0	0	94,650
	Aug 23, 2024	7	395,000	0	0	0	98,750	9.90	0	0	296,250
	Jul 18, 2024	7	322,000	0	0	0	80,500	9.76	0	0	241,500
T	0	0	1,240,100	0	0	0	310,025	0	0	0	930,075

Management Discussion and Analysis

Notes: 1. For the purpose of this report, the vesting period is defined as the period from the date of the grant of the restricted shares to the date when the restricted shares are fully vested. The vesting period is 12 months.

Notes: 2. The restricted shares are granted to the employees of the company who are in the key positions of the company, including the senior management, core technical personnel, and core business personnel.

Vesting Period	Vesting Time	Vesting Percentage
From the date of grant to the end of the first vesting period	12 months	25%
From the date of grant to the end of the second vesting period	24 months	25%
From the date of grant to the end of the third vesting period	36 months	25%
From the date of grant to the end of the fourth vesting period	48 months	25%

Report of the Board

The Board of Directors of Wenhous Kangning Hospital Co., Ltd. (the "Company") has reviewed the financial statements of the Company for the year ended December 31, 2025.

Based on the financial statements and the information provided by management, the Board is satisfied that the financial statements of the Company for the year ended December 31, 2025, are true and fair, and that the Company has complied with the applicable laws and regulations.

The Board also notes that the Company has implemented various measures to improve its operational efficiency and financial performance during the year.

By the Board of Directors, the Company has achieved significant milestones in its business operations and financial growth.

The Board will continue to monitor the Company's performance and ensure that it remains on track to achieve its strategic objectives.

In addition, the Board has approved the dividend policy for the year ended December 31, 2025.

The Board is pleased to report that the Company has achieved a strong financial performance for the year ended December 31, 2025, with a significant increase in revenue and profit. The Company's financial performance is a testament to the hard work and dedication of its employees and management.

HKEX

Report of the Board

CHINA REGULATORY
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S B D.

L R. S. A. U. M. I. F. 《醫療保障基金使用監督管理條例》, R. S. A. U. M. I. F. 《醫療保障基金使用監督管理條例實施細則》, M. H. L. PRC 《中華人民共和國精神衛生法》, L. P. R. C. B. M. H. C. 《中華人民共和國基本醫療衛生與健康促進法》, M. R. M. I. 《醫療機構管理條例》 R. M. R. M. I. 《醫療機構管理條例實施細則》.

T. G. I.
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P. I. R.
F. D. 31, 2025, G.

U. R. I. P. O.
T. H. S. M. B. H. K. S. E. N. 20, 2015. T. C. HK\$693.2 (RMB580.7) O. M. 30, 2017 M. 23, 2018, B. T. C. R. N. 10, 2015 B.

Report of the Board

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T B S C 2025 (L R D H C 72,358,900 1,959,800 H S 70,399,100 RMB3.2 () 10 T RMB22,572,712 (), 41.4% 2025 R F D RMB35,271,550, 64.8% RMB, H S H K T R F D H K RMB P. B C R F D (2025 S. R F D J. 8, 2026. T R F D A. D. 31, 2025, S

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I E I L P. R. C. 《中華人民共和國企業所得稅法》 J. 1, 2008, C 10% H S A H S S HKSCCN I S T S I H S T C S H S

Report of the Board

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Report of the Board

Management Discussion and Analysis

For the period ending December 31, 2025, the Company's operating income increased by 2.0% compared with the same period last year, and the net profit attributable to shareholders increased by 4.1%. The Company's operating profit margin was 30%, and the net profit margin was 20.0%.

For the period ending December 31, 2025, the Company's operating income increased by 8.1% compared with the same period last year, and the net profit attributable to shareholders increased by 32.5%.

Net profit attributable to shareholders (including minority interests) for the period ending December 31, 2025, was RMB3.1 million, an increase of 5% compared with the same period last year.

Shareholders and Shareholding Structure

During the reporting period, the Company's shareholding structure remained stable.

Directors and Supervisors

For the period ending December 31, 2025, the Company's board of directors and supervisors remained stable.

Employees and Compensation

For the period ending December 31, 2025, the Company's employee compensation remained stable.

Dividends

For the period ending December 31, 2025, the Company's dividends remained stable. The Company's dividends were RMB3.1 million.

Summary

During the reporting period, the Company's operating income and net profit attributable to shareholders both showed an upward trend. The Company's shareholding structure remained stable, and the board of directors and supervisors remained stable. The Company's employee compensation remained stable. The Company's dividends remained stable.

Report of the Board

董 事 会

Text of the Board Report in Chinese

Executive Directors

Mr. GUAN W. (C)

Mr. WANG L.

Mr. WANG J.

Non-executive Directors

Mr. QIN H.

Mr. LI C.

Independent Non-executive Directors

Mr. HONG W.

Mr. JIN L.

Mr. CHAN S. K. (H)

董 事 会

Text of the Board Report in English

Mr. XU N. (C)

Mr. XU Y.

Mr. XIE T.

Mr. QIAN C.

Mr. FANG W.

Report of the Board

Board of Directors, Wenhou Kangning Hospital Co., Ltd. (the "Company") held its 2025 Annual Meeting on December 31, 2025, to review and discuss the Company's performance for the year ended December 31, 2025.

The Board of Directors, upon the recommendation of the Audit Committee, has reviewed the Company's financial statements for the year ended December 31, 2025, and has approved the following financial statements:

The Board of Directors, upon the recommendation of the Audit Committee, has reviewed the Company's financial statements for the year ended December 31, 2025, and has approved the following financial statements:

Management Report

Report of the Board

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Report of the Board

As at December 31, 2025, the Company's total assets were RMB 1,234,567,890 (approximately US\$ 178,901,234), and total liabilities were RMB 345,678,901 (approximately US\$ 49,123,456). The Company's net assets were RMB 888,888,989 (approximately US\$ 129,777,778). The Company's total revenue for the year was RMB 123,456,789 (approximately US\$ 17,456,789), and total profit was RMB 23,456,789 (approximately US\$ 3,345,678). The Company's operating profit was RMB 12,345,678 (approximately US\$ 1,745,678). The Company's net profit was RMB 23,456,789 (approximately US\$ 3,345,678). The Company's total revenue for the year was RMB 123,456,789 (approximately US\$ 17,456,789), and total profit was RMB 23,456,789 (approximately US\$ 3,345,678). The Company's operating profit was RMB 12,345,678 (approximately US\$ 1,745,678). The Company's net profit was RMB 23,456,789 (approximately US\$ 3,345,678).

The Company's total revenue for the year was RMB 123,456,789 (approximately US\$ 17,456,789), and total profit was RMB 23,456,789 (approximately US\$ 3,345,678). The Company's operating profit was RMB 12,345,678 (approximately US\$ 1,745,678). The Company's net profit was RMB 23,456,789 (approximately US\$ 3,345,678). The Company's total revenue for the year was RMB 123,456,789 (approximately US\$ 17,456,789), and total profit was RMB 23,456,789 (approximately US\$ 3,345,678). The Company's operating profit was RMB 12,345,678 (approximately US\$ 1,745,678). The Company's net profit was RMB 23,456,789 (approximately US\$ 3,345,678).

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate Percentage in Same Class ⁽¹⁾	Approximate Percentage of the Company's Total Issued Share Capital ⁽¹⁾
Central Enterprise Rural Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司)	D Shares	Beneficial Owner	7,466,666(L)	14.15%	10.32%
Shanghai Jin Enterprise Management Center (Limited Partnership) ⁽²⁾ (上海金浙企業管理中心(有限合夥))	D Shares	Beneficial Owner	4,540,000(L)	8.61%	6.27%
FAN YI ⁽²⁾	D Shares	Beneficial Owner	4,540,000(L)	8.61%	6.27%
SUN JI ⁽²⁾	D Shares	Beneficial Owner	4,540,000(L)	8.61%	6.27%
Shanghai Jinpu Health Service Equity Investment Management Co., Ltd. ⁽²⁾ (上海金浦健服股權投資管理有限公司) ⁽²⁾	D Shares	Beneficial Owner	4,540,000(L)	8.61%	6.27%
Wenzhou Jinnan Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥))	D Shares	Beneficial Owner	4,540,000(L)	8.61%	6.27%
XU YI ⁽⁶⁾	D Shares	Beneficial Owner	27,330,100(L)	51.80%	37.77%
Shanghai Tongying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥))	H Shares	Beneficial Owner	458,300(L)	2.34%	0.63%
Shanghai Tongying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥))	D Shares	Beneficial Owner	4,519,003(L)	8.57%	6.25%

Report of the Board

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 Share Capital ⁽¹⁾
SHANGHAI LEJIN INVESTMENT PARTNERSHIP ENTERPRISE (LIMITED) ⁽³⁾ (上海樂進投資合夥企業(有限合夥))	D	I	4,519,003(L)	8.57%	6.25%
LIN LI XU	D	I	5,846,364(L)	11.08%	8.08%
SHANGHAI ZHENXIN VALLEY INVESTMENT MANAGEMENT CO., LTD. (上海正心谷投資管理有限公司)	D	I	5,846,364(L)	11.08%	8.08%
WANDER INFORMATION TECHNOLOGY CO., LTD. (萬得信息技術股份有限公司)	D	I	3,333,000(L)	6.32%	4.61%
SHANGHAI HEHUAXIAN ENTERPRISE MANAGEMENT CENTER (LIMITED PARTNERSHIP) (上海荷花緣企業管理中心(有限合夥))	D	I	3,333,000(L)	6.32%	4.61%
WANDER IMPACT INVESTMENT (JIASHI) PARTNERSHIP ENTERPRISE (LIMITED) (萬得影響力股權投資(嘉興)合夥企業(有限合夥))	D	B	3,333,000(L)	6.32%	4.61%
CITIC SECURITIES INVESTMENT CO., LTD. (中信證券投資有限公司)	D	B	2,780,000(L)	5.27%	3.84%
CITIC SECURITIES CO., LTD. ⁽⁵⁾ (中信證券股份有限公司)	D	I	2,780,000(L)	5.27%	3.84%
QIMU A LLC	HS	I	1,454,000(L)	7.42%	2.01%
QIMU C LLC	HS	I	2,150,900(L)	10.97%	2.97%
QIMU PARTNERSHIP MANAGEMENT FUND LIMITED	HS	B	1,279,900(L)	6.53%	1.77%
QIMU PARTNERSHIP II, L.P.	HS	B	1,052,000(L)	5.37%	1.45%
UBS GROUP AG	HS	I	1,029,400(L)	5.25%	1.42%
ZOU HONG (鄒海麗)	H	B	1,680,000(L)	8.57%	2.32%
M. WANG HONG ⁽⁶⁾	D	B	5,785,350(L)	10.97%	8.00%
		I	21,544,750(L)	40.84%	29.77%
	HS	B	309,000(L)	1.58%	0.43%
		I	149,300(L)	0.76%	0.21%
KINGSHI HOLDINGS LIMITED	HS	B	3,347,975(L)	17.08%	4.63%
THE TFC GROUP (HK) LIMITED	HS	T	3,347,975(L)	17.08%	4.63%

Report of the Board

Notes:

(L): Local currency

- (1) Total assets of 52,760,000 D (US\$ 19,598,900 H S (US\$ 72,358,900 S)) as of December 31, 2025.
- (2) FAN Y. (50% S. J. E. M. C. (L. P.)) (上海金浙企業管理中心(有限合夥)) S. J. E. M. C. (L. P.)) (上海金浙企業管理中心(有限合夥)), W. X. J. E. I. P. (L. P.)) (溫州金寧股權投資合夥企業(有限合夥)), SUN J. (33.94% S. J. E. I. M. C., L. (上海金浦健服股權投資管理有限公司), W. X. J. E. I. P. (L. P.)) (溫州金寧股權投資合夥企業(有限合夥)), S. J. E. I. M. C., L. (上海金浙企業管理中心(有限合夥)), SUN J. S. J. E. I. M. C., L. (上海金浦健服股權投資管理有限公司), D. S. W. X. J. E. I. P. (L. P.)) (溫州金寧股權投資合夥企業(有限合夥)),
- (3) S. L. I. L.P. (上海樂進投資合夥企業(有限合夥)) 99.99% S. T. I. L.P. (上海檀英投資合夥企業(有限合夥)), T. P. XV SFO, S. L. I. L.P. (上海樂進投資合夥企業(有限合夥)), D. S. S. T. I. L.P. (上海檀英投資合夥企業(有限合夥)),
- (4) S. L. V. I. M. C., L. (上海正心谷投資管理有限公司) (S. S. I. M. C., L. (上海盛歌投資管理有限公司)) S. Q. I. M. P. (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) S. T. I. L.P. (上海檀英投資合夥企業(有限合夥)), T. P. XV SFO, S. L. V. I. M. C., L. (上海正心谷投資管理有限公司), D. S. Q. I. M. P. (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) (1,987,356 D. S. S. T. I. L.P. (上海檀英投資合夥企業(有限合夥)),
- (5) CITIC S. I. C., L. (中信證券投資有限公司), CITIC S. C. I. (中信證券股份有限公司), T. CITIC S. C. I. (中信證券股份有限公司), D. S. CITIC S. I. C., L. (中信證券投資有限公司), P. XV SFO.
- (6) M. GUAN W., M. WANG L., M. WANG H., M. WANG L. (27,330,100 458,300 H S) M. XU Y., M. WANG H., P. XV SFO, M. WANG H.

S. D. 31, 2025, D. () S. S. C.) S. S. C. D. 2 3 P. XV SFO, C. S. 336 SFO.

Report of the Board

During the reporting period, the Board has reviewed the Company's financial performance and the results of its operations. The Board is pleased to report that the Company has achieved significant progress in its business operations and financial performance. The Board has also reviewed the Company's financial statements and the results of its operations, and has approved the financial statements for the reporting period.

The Board has also reviewed the Company's financial performance and the results of its operations. The Board is pleased to report that the Company has achieved significant progress in its business operations and financial performance. The Board has also reviewed the Company's financial statements and the results of its operations, and has approved the financial statements for the reporting period.

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Month of Repurchase	Number of Shares Repurchased	Price Paid per Share		Total Consideration (Before Deducting Expenses)
		Highest Price (H, K, D, ¢)	Lowest Price (H, K, D, ¢)	
Mar, 2025	3,000	9.03	9.03	27,090.00
Apr, 2025	308,100	11.50	10.22	3,487,806.50
May, 2025	967,600	10.60	9.10	9,978,407.42
Jun, 2025	591,200	11.49	10.40	6,476,694.99
Jul, 2025	95,800	11.36	10.59	1,065,137.07
Aug, 2025	275,000	11.70	10.92	3,143,627.20
Sep, 2025	30,200	11.20	10.90	337,170.00
Total	2,270,900			24,515,933.18

The Board has also reviewed the Company's financial performance and the results of its operations. The Board is pleased to report that the Company has achieved significant progress in its business operations and financial performance. The Board has also reviewed the Company's financial statements and the results of its operations, and has approved the financial statements for the reporting period.

Report of the Board

REPORT
 The Board of Directors of Wenhou Kangning Hospital Co., Ltd. (PRC Company) has reviewed the financial statements of the Company for the year ended December 31, 2025, and the financial statements of the Company for the year ended December 31, 2025.

BOARD
 The Board of Directors of the Company has reviewed the financial statements of the Company for the year ended December 31, 2025, and the financial statements of the Company for the year ended December 31, 2025, and has approved the financial statements of the Company for the year ended December 31, 2025.

APPENDIX
 The Board of Directors of the Company has reviewed the financial statements of the Company for the year ended December 31, 2025, and the financial statements of the Company for the year ended December 31, 2025, and has approved the financial statements of the Company for the year ended December 31, 2025.

CONCLUSION
 The Board of Directors of the Company has reviewed the financial statements of the Company for the year ended December 31, 2025, and the financial statements of the Company for the year ended December 31, 2025, and has approved the financial statements of the Company for the year ended December 31, 2025.

PERFORMANCE
 The Board of Directors of the Company has reviewed the financial statements of the Company for the year ended December 31, 2025, and the financial statements of the Company for the year ended December 31, 2025, and has approved the financial statements of the Company for the year ended December 31, 2025.

The Board of Directors of the Company has reviewed the financial statements of the Company for the year ended December 31, 2025, and the financial statements of the Company for the year ended December 31, 2025, and has approved the financial statements of the Company for the year ended December 31, 2025.

The Board of Directors of the Company has reviewed the financial statements of the Company for the year ended December 31, 2025, and the financial statements of the Company for the year ended December 31, 2025, and has approved the financial statements of the Company for the year ended December 31, 2025.

Report of the Board

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Report of the Supervisory Committee

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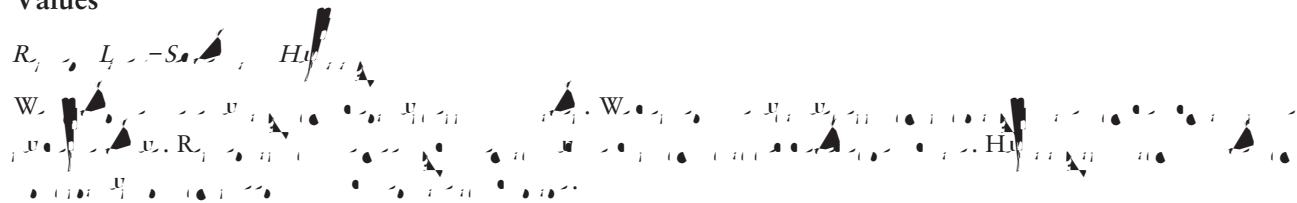
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Corporate Governance Report

Company Culture



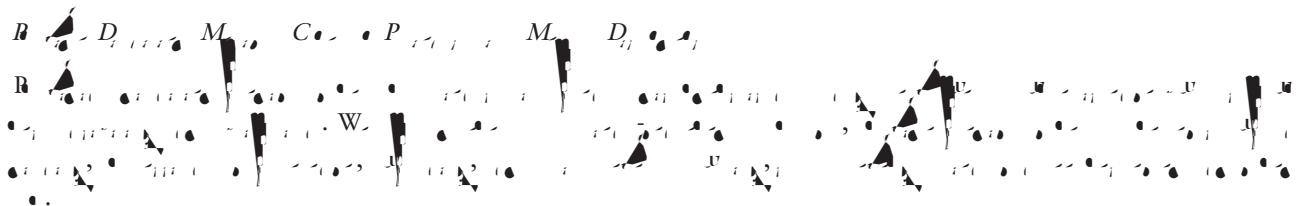
Values



Vision



Mission



Corporate Governance Report

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Board Composition

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Corporate Governance Report

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Corporate Governance Report

Chairman of the Board, Mr. GUAN WANG, was elected on 22 March 2025, Mr. HANG YU was elected as Vice Chairman of the Board on 30 July 2025. Mr. FANG WANG was elected as Secretary of the Board on 22 March 2025. Mr. FANG WANG was elected as Treasurer of the Board on 30 July 2025. Mr. FANG WANG was elected as Chairman of the Supervisory Board on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Remuneration Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Audit Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Nominations Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Management Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Sustainability Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Environmental and Social Governance Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Anti-Corruption Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Information Disclosure Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Shareholder Relations Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Investor Relations Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Public Relations Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Media Relations Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Crisis Management Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Business Continuity Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Disaster Preparedness Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Business Ethics Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Code of Conduct Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Whistleblower Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Grievance Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Complaints Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Internal Audit Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the External Audit Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Internal Control Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Assessment Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Monitoring Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Reporting Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Communication Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Culture Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Awareness Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Training Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Education Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Assessment Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Monitoring Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Reporting Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Communication Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Culture Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Awareness Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Training Committee on 22 March 2025. Mr. FANG WANG was elected as Chairman of the Risk Education Committee on 22 March 2025.

Name	Members of the Group	Positions held at members of the Group	Term of office
GUAN WANG	YANG KANGNING HOSPITAL CO., LTD.	Executive Director	February 2012 to March 2025
	YANG KANGNING HOSPITAL CO., LTD.	Director	February 2025 to present
WANG LIANG	WANG LIANG GROUP FINANCIAL HOLDINGS CO., LTD.	Executive Director, Member	February 2024 to present
	WANG LIANG GROUP FINANCIAL HOLDINGS CO., LTD.	Chairman, Member	February 2025 to present
WANG JIAN	WANG JIAN HOLDINGS CO., LTD.	Chairman	February 2025 to present
	HANG YU HOLDINGS CO., LTD.	Director	February 2025 to present
	WANG LIANG GROUP FINANCIAL HOLDINGS CO., LTD.	Director	February 2025 to present
	YANG KANGNING HOSPITAL CO., LTD.	Executive Director, Member	February 2020 to present
XU YI	WANG LIANG GROUP FINANCIAL HOLDINGS CO., LTD.	Director	February 2025 to present
	HANG YU HOLDINGS CO., LTD.	Executive Director	February 2021 to present
JIN WANG	PINGYUAN HOLDINGS CO., LTD.	Director	February 2025 to present
	PINGYUAN HOLDINGS CO., LTD.	Executive Director	February 2025 to present

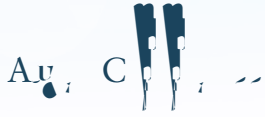
Corporate Governance Report

Name of Directors	Number of Board meetings convened/attended
Executive Directors	
Mr. GUAN W. (C)	9/9
Mr. WANG L.	9/9
Mr. WANG J.	9/9
Non-executive Directors	
Mr. QIN H.	9/9
Mr. LI C.	9/9
Independent non-executive Directors	
Mr. HONG W.	9/9
Mr. JIN L.	9/9
Mr. CHAN S. K. (H)	9/9

A D. C. T. C. U. U.	
M. B. D. B. D. B. T. B. D.	



Corporate Governance Report



Corporate Governance Report

The Board of Directors of the Company is composed of three independent non-executive directors, including Mr. M. CHAN S. K., Mr. M. GUAN W., and Mr. M. JIN L. The Board of Directors is responsible for the overall management and supervision of the Company's business operations. The Board of Directors has held several meetings throughout the year to discuss and approve the Company's strategic direction, financial performance, and other key matters. The Board of Directors has also established various committees, including the Audit Committee, the Remuneration Committee, and the Nominations Committee, to assist in its oversight and decision-making processes. The Board of Directors has a diverse background and expertise, which helps to ensure the Company's long-term success and sustainable growth.

Directors	Number of meetings convened/attended
M. CHAN S. K. (C)	1/1
M. GUAN W.	1/1
M. JIN L.	1/1

The Board of Directors has also held several meetings throughout the year to discuss and approve the Company's strategic direction, financial performance, and other key matters. The Board of Directors has also established various committees, including the Audit Committee, the Remuneration Committee, and the Nominations Committee, to assist in its oversight and decision-making processes.

Corporate Governance Report

The Board of Directors of the Company is composed of 7 members, including 3 independent non-executive directors and 4 executive directors. The Board of Directors is responsible for the overall management of the Company and the implementation of the business strategy. The Board of Directors has established the Corporate Governance Committee (CGC) to oversee the Company's corporate governance practices. The CGC is composed of 5 members, including 3 independent non-executive directors and 2 executive directors. The CGC is responsible for reviewing and improving the Company's corporate governance policies and procedures, and for monitoring the Company's compliance with applicable laws and regulations.

The Board of Directors has held 17 meetings in 2024, with 17 directors attending. The Board of Directors has reviewed and approved the Company's annual business plan, financial budget, and other important matters. The Board of Directors has also reviewed and approved the Company's annual report and financial statements. The Board of Directors has also reviewed and approved the Company's dividend policy and the Company's capital structure.

The Board of Directors has also reviewed and approved the Company's environmental, social, and governance (ESG) strategy and the Company's ESG report. The Board of Directors has also reviewed and approved the Company's risk management strategy and the Company's risk management report.

Directors	Number of meetings convened/attended
M. JIN L. (C)	1/1
M. HONG W.	1/1
M. CHAN S. K. H.	1/1

The Board of Directors has also reviewed and approved the Company's internal control system and the Company's internal control report. The Board of Directors has also reviewed and approved the Company's human resources strategy and the Company's human resources report. The Board of Directors has also reviewed and approved the Company's information technology strategy and the Company's information technology report.

The Board of Directors has also reviewed and approved the Company's 2025 business plan, financial budget, and other important matters. The Board of Directors has also reviewed and approved the Company's 2025 annual report and financial statements.

Corporate Governance Report

Supervisory Board (S.B.)

The S.B. consists of three members: Mr. GUAN W., Mr. QIN H., and Mr. ZHONG W. The S.B. held one meeting in 2024.

Mr. GUAN W. (Chairman), Mr. QIN H. (Vice Chairman), and Mr. ZHONG W. (Member) are the members of the S.B. The S.B. held one meeting in 2024.

The S.B. held one meeting in 2024.

Directors	Number of meetings convened/attended
Mr. GUAN W. (Chairman)	1/1
Mr. ZHONG W. (Member)	1/1
Mr. QIN H. (Vice Chairman)	1/1

Board of Directors (B.D.)

The B.D. consists of seven members: Mr. GUAN W., Mr. QIN H., Mr. ZHONG W., Mr. LIU J., Mr. WANG J., Mr. ZHANG J., and Mr. CHEN J. The B.D. held one meeting in 2024.

Corporate Governance Report

The Current Composition of the Board

Age	Gender	Years of service as Director
30 ~ 49 (4)	F (37.5%)	1 ~ 5 (6)
50 ~ 59 (4)	M (62.5%)	6 ~ 10 (2)

Corporate Governance Report

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R. M. I. C.

T. B. S. U.

T. C. A. C. W. G. T. U. A. C. W. G. T. U. A.

Corporate Governance Report

As of December 31, 2025, the company has 6 directors, 10 supervisors, and 10 employees. The remuneration band (RMB) and the number of individuals are as follows:

As of December 31, 2025, the company has 6 directors, 10 supervisors, and 10 employees. The remuneration band (RMB) and the number of individuals are as follows:

The remuneration band (RMB) and the number of individuals are as follows:

Remuneration band (RMB)	Number of individuals
0-700,000	6
700,001-1,400,000	10

The remuneration band (RMB) and the number of individuals are as follows:

As of December 31, 2025, the company has 6 directors, 10 supervisors, and 10 employees. The remuneration band (RMB) and the number of individuals are as follows:	RMB2,501,600
As of December 31, 2025, the company has 6 directors, 10 supervisors, and 10 employees. The remuneration band (RMB) and the number of individuals are as follows:	RMB381,600

Corporate Governance Report

Corporate Governance Report

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Shareholder(s) to Convene an Extraordinary General Meeting (“EGM”)

Procedures for Shareholder(s) to Convene an Extraordinary General Meeting (“EGM”)

Shareholder(s) holding 10% of the total shares of the Company have the right to request the Board of Directors to convene an EGM. If the Board of Directors fails to convene an EGM within 30 days of receiving the request, the shareholder(s) may convene an EGM on their own. The procedures for convening an EGM are as follows:

- Shareholder(s) holding 10% of the total shares of the Company shall submit a written request to the Board of Directors.
- The Board of Directors shall convene an EGM within 30 days of receiving the request.
- If the Board of Directors fails to convene an EGM within 30 days, the shareholder(s) may convene an EGM on their own.
- The shareholder(s) convening an EGM shall submit a written notice to the Company, which shall then convene an EGM.

Shareholder(s) holding 10% of the total shares of the Company have the right to request the Board of Directors to convene an EGM. If the Board of Directors fails to convene an EGM within 30 days of receiving the request, the shareholder(s) may convene an EGM on their own. The procedures for convening an EGM are as follows:

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- The Board of Directors shall convene an EGM within 30 days of receiving the request.
- If the Board of Directors fails to convene an EGM within 30 days, the shareholder(s) may convene an EGM on their own.
- The shareholder(s) convening an EGM shall submit a written notice to the Company, which shall then convene an EGM.

Corporate Governance Report

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Corporate Governance Report

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Corporate Governance Report

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Directors, Supervisors and Senior Management

Directors

Executive Directors

Mr. GUAN Weili (管偉立), 56, male, Chinese, Bachelor's Degree, CFA, CPA, ACCA, CMA, HRM, and other professional certificates. He graduated from the Department of Finance, Wenzhou University in 1996. He worked as an accountant in Wenzhou City for 10 years, then as an auditor in the audit department of Wenzhou City for 10 years. He joined Wenzhou Kangning Hospital in 2014 and has served as the Executive Director since then. He is also the Chairman of the Audit Committee and the Chairman of the Risk Management Committee. He is a member of the Wenzhou City Spirit Hospital (溫州市精神病院), Wenzhou City Human Resources Bureau (溫州市人事局), and the Wenzhou Medical Association (溫州市醫學會).

Ms. WANG Lianying (王蓮瑛), 57, female, Chinese, Bachelor's Degree, HRM, and other professional certificates. She graduated from Wenzhou Medical University (溫州醫科大學) in 1987. She worked as a teacher in Wenzhou Medical College (溫州醫學院) for 10 years, then as a teacher in Wenzhou City Human Resources Bureau (溫州市人事局) for 10 years. She joined Wenzhou Kangning Hospital in 2007 and has served as the Executive Director since then. She is also the Chairman of the Audit Committee and the Chairman of the Risk Management Committee. She is a member of the Wenzhou City Spirit Hospital (溫州市精神病院) and the Wenzhou Medical Association (溫州市醫學會).

Ms. WANG Lianyue (王蓮月), 57, female, Chinese, Bachelor's Degree, CPA, ACCA, CMA, HRM, and other professional certificates. She graduated from Jiangsu University in 1998. She worked as an accountant in Wenzhou City for 10 years, then as an auditor in the audit department of Wenzhou City for 10 years. She joined Wenzhou Kangning Hospital in 2011 and has served as the Executive Director since then. She is also the Chairman of the Audit Committee and the Chairman of the Risk Management Committee. She is a member of the Wenzhou City Spirit Hospital (溫州市精神病院) and the Wenzhou Medical Association (溫州市醫學會).

Ms. WANG Lianying (王蓮瑛), 57, female, Chinese, Bachelor's Degree, HRM, and other professional certificates. She graduated from Wenzhou Medical University (溫州醫科大學) in 1987. She worked as a teacher in Wenzhou Medical College (溫州醫學院) for 10 years, then as a teacher in Wenzhou City Human Resources Bureau (溫州市人事局) for 10 years. She joined Wenzhou Kangning Hospital in 2007 and has served as the Executive Director since then. She is also the Chairman of the Audit Committee and the Chairman of the Risk Management Committee. She is a member of the Wenzhou City Spirit Hospital (溫州市精神病院) and the Wenzhou Medical Association (溫州市醫學會).

Directors, Supervisors and Senior Management

Mr. WANG Jian (王健), 41, male, D. H. B. C. H. M. W. C. J. 2014. B. C. S. 2014. M. W. C. J. 2009. (科員) (副主任科員). X. R. B. C. S. R. C. (中國證券監督管理委員會廈門監管局). X. F. F. 2008. M. 2009. & Y. H. M. LLP (安永華明會計師事務所(特殊普通合夥)), A. 2005. F. 2008. P. A. L. M. W. G. S. M. P. U. (北京大學光華管理學院). B. J. 2005. M. W. (註冊會計師非執業會員). C. I. C. P. A. A. 2010. M. J. PRC. M. 2014.

Directors, Supervisors and Senior Management

Non-executive Directors

Mr. QIN Hao (秦濤), 35, Male, Graduate, Bachelor's Degree, 2021. HL
 L V I M C L (上海正心谷投資管理有限公司),
 S L V I M C L J 2022. HL
 S L V I M C L J 2017 D. 2021.

Mr. QIU Pu (邱普), 44, Male, Graduate, Bachelor's Degree, 2014
 U J 2017

Mr. LI Chan hao (李昌浩), 35, Male, Graduate, Bachelor's Degree, 2021. HL
 SDIC C I F M C L. (國投創益產業基金管理有限公司) J
 2022,
 G D W T D C M L C T
 M 2019. HL SDIC C I
 F M L M 2014 D. 2021. HL N Y X E
 C L. (S S E : 00082,
 O. 2023 N. 2025.

Mr. LI Biao (李彪), 40, Male, Graduate, Bachelor's Degree, 2012. HL
 S. 2013. M. L. (CFA) C F A I A U
 201 M H R S S P R C
 D. 2017, (FRM) G A R R A U 2018.

Directors, Supervisors and Senior Management

Independent Non-executive Directors

Ms. ZHONG Wentang (鐘文堂), 36, Graduate, July 2020. Served as a Director of Shanghai Xinhong Public Enterprise Management Consulting Co., Ltd. (上海信公企業管理諮詢有限公司), February 2019, Director of Shanghai Xinhong Public Enterprise Management Consulting Co., Ltd. (上海信公企業管理諮詢有限公司), February 2016, February 2019, Member of the Supervisory Committee of Shanghai Xinhong Public Enterprise Management Consulting Co., Ltd. (上海信公企業管理諮詢有限公司), February 2012, February 2016, Registered as a Certified Public Accountant (CPA) in China.

Ms. FENG Shuang (馮爽), 42, Graduate, July 2012. Served as a Director of M. B. A. (Management Business Administration) in February 2022.

Ms. JIN Ling (金玲), 67, Graduate, July 2023. Member of the Supervisory Committee of Xiangshan First People's Hospital (蕭山第一人民醫院), July 2022. Served as a Director of Zhejiang Provincial People's Hospital (浙江省人民醫院), March 2000, December 2008; Director of Zhejiang University School of Medicine Affiliated Children's Hospital (浙江大學醫學院附屬兒童醫院), July 2009, July 2013; Director of Zhejiang University School of Medicine Affiliated Second Hospital (浙江大學醫學院附屬第二醫院), July 2013, December 2018; Director of Shulan (Hangzhou) Hospital (樹蘭(杭州)醫院), July 2019, March 2022. Member of the Board of Directors of Beijing National Academy of Accounting (北京國家會計學院), University Supervisor (浙江大學管理學院).

Ms. JIANG Hui (姜慧), 48, Graduate, July 2019. Served as a Director of Hangzhou Electronic Industry College (杭州電子工業學院), July 1996; Director of Hangzhou Electronic Industry College (杭州電子工業學院), July 2005. Independent Director (Independent Director), 2010, Member of the Supervisory Committee of Zhejiang Provincial Human Resources and Social Security Administration (浙江省人力資源和社會保障廳).

Mr. CHAN Sai Keung Hugo (陳世強), 70, Graduate, July 2023. Member of the Supervisory Committee of L. H. & C. (廖何陳律師行), Hong Kong, 1986, Member of the Supervisory Committee of M. C. F. (McCartney & Co., Chartered Accountants) (香港專業及資深行政人員協會), September 2006. Director of L. H. & C. (廖何陳律師行), 2006, October 2011, Director of L. H. & C. (廖何陳律師行), Hong Kong, 2006, 2010. Member of the Supervisory Committee of L. H. & C. (廖何陳律師行), 2006, 2010. Member of the Supervisory Committee of L. H. & C. (廖何陳律師行), 2011, Director of L. H. & C. (廖何陳律師行), 2016.

Ms. CHAN Hui (陳慧), 48, Graduate, July 2019. Served as a Director of Hangzhou Electronic Industry College (杭州電子工業學院), August 1978. Member of the Supervisory Committee of Hangzhou Electronic Industry College (杭州電子工業學院), 2010.

Directors, Supervisors and Senior Management

Supervisors

Mr. XU Ning (許寧), 52, Male, Bachelor's Degree, Senior High School Graduate, Huzhou City, Zhejiang Province. He served as the General Manager of Wenzhou Kangning Hospital from October 2016 to January 2017, and as the Chairman of the Board of Directors from January 2017 to January 2022. He is currently the Chairman of the Board of Supervisors and the Chairman of the Board of Directors of Wenzhou Kangning Hospital. He has been a member of the Wenzhou TVS (溫州電視台) and the Wenzhou News Network (溫州新聞聯播) since 1998. He obtained his Bachelor's Degree from Zhejiang University in 2016.

Ms. XU Bingbing (徐冰冰), Female, Bachelor's Degree, Senior High School Graduate, Beijing. She graduated from Beijing Broadcasting University (北京廣播學院) in 1998 and from China University of Media and Communication (中國傳媒大學) in 1998. She is currently the General Manager of Wenzhou Kangning Hospital. She has obtained her Senior Human Resources Management Certificate (一級人力資源管理師) in 2018.

Mr. XU Yongjiu (徐永久), 48, Male, Senior High School Graduate, Huzhou City, Zhejiang Province. He served as the General Manager of Shanghai Jintong Health Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) from 2011 to 2013, and as the General Manager of Wenzhou Jintong Health Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)) from 2004 to 2007. He is currently the Chairman of the Board of Supervisors of Wenzhou Kangning Hospital. He has obtained his Bachelor's Degree from Zhejiang University in 2007 and his Master's Degree from Zhejiang University in 2009. He has also obtained his Senior Human Resources Management Certificate (一級人力資源管理師) in 2011. He is currently the Chairman of the Board of Supervisors of Wenzhou Kangning Hospital. He has obtained his Bachelor's Degree from Zhejiang University in 2011 and his Master's Degree from Zhejiang University in 2015. He is currently the Chairman of the Board of Supervisors of Wenzhou Kangning Hospital. He has obtained his Bachelor's Degree from Zhejiang University in 2011 and his Master's Degree from Zhejiang University in 2015. He is currently the Chairman of the Board of Supervisors of Wenzhou Kangning Hospital.

Ms. XU Fei (徐飛), Female, Bachelor's Degree, Senior High School Graduate, Huzhou City, Zhejiang Province. She graduated from Zhejiang University in 2004. She is currently the Chairman of the Board of Supervisors of Wenzhou Kangning Hospital. She has obtained her Senior Human Resources Management Certificate (一級人力資源管理師) in 2015. She is currently the Chairman of the Board of Supervisors of Wenzhou Kangning Hospital. She has obtained her Senior Human Resources Management Certificate (一級人力資源管理師) in 2015. She is currently the Chairman of the Board of Supervisors of Wenzhou Kangning Hospital.

Directors, Supervisors and Senior Management

Mr. QIAN Chengliang (錢成良)

Directors, Supervisors and Senior Management

Senior Management

Mr. ZHOU Chaoyi (周朝毅), 63, H. C. M. C. E. v. 2005
H. C. S. v. 2014
C. N. v. 1995
D. v. 2004, M. v. W. v. C. v. H. (溫州心血管醫院)
W. v. M. 1990 O. v. 1995, M. v.
(科長) W. v.
C. M. H. (溫州市中醫院) W. v.
F. J. v. 1986 A. v. 1990, M. v.
W. v. Q. S. (溫州市氣功療養院), W. v.

M. v. W. v. M. v. H. v. R. v. S. v. S. v. B. v.
N. v. 2015.

Mr. YE Minjie (葉敏捷), 52, H. C. H. v.
C. O. v. 2013 M. v. S. v. 2014
C. R. v. C. v. J. v.
1994 S. v. 2013, (科長) W. v. M. H. (溫州市精神病院),
W. v.

M. Y. v. X. M. C. (新鄉醫學院)
X. v. H. R. v. J. v. 2007. H. v. R. v.
S. v. S. v. B. v. R. v. (浙江省人力資源和社會保障廳), J. v. 2014.

Directors, Supervisors and Senior Management

Mr. XU Yi (徐誼), 51, male, Chinese, Bachelor's Degree, Huzhou University, M. Xu C. O. 2001, (科長) O. 2002, M. 2009, F. A. 2009, S. 2014, C. H. S. 2014, A. 1999, S. 2002, P. S. W. M. C. (中共溫州市委黨校),

M. X. U. F. 2020, M. X. M. Gu W. M. W. L.

Ms. ZHANG Feixue (章飛雪), 56, female, Chinese, Master's Degree, Suzhou University, F. 2004, O. 2009, F. N. 200, S. 2010, F. O. 2010, M. 2015, M. M. 2015, R. C. M. F. P. H. Y. (樂清市第五人民醫院); O. 1995, 2004, J. 1993, 1995,

M. B. U. C. M. (北京中醫藥大學) J. 2005, M. U. (浙江大學現代衛生管理高級研修班), H. N. 2014, M. M. P. A. C. N. U. (浙江師範大學), J. R. J. 2017, S. H. R. S. S. B. R. (浙江省人力資源和社會保障廳), N. 2013.

Mr. WANG Jian (王健), 41, male, Chinese, Bachelor's Degree, M. W. D. S. M. E. D.

Directors, Supervisors and Senior Management

Mr. JIN Weiguang (金偉光), 57, H. C. M. 2015
S. Y. H. M. 2015 M. 2017,
M. J. C. M. 2017 F. v. 2022
H. C. v. 2022. H.
C. N. 2018. R. C. A. v. 1987 A. 2015, W. v.
M. v. H. B. v. (溫州市衛生局),
W. v. M. v. H. B. v. A. 2009
A. 2013 F. M. 2002 M. 2009,
W. v. M. v. H. B. v.

M. J. C. P. S. C. C. CPC (中央黨校函
授學院) D. 1997, H.
N. U. (浙江師範大學區域經濟研究生課程進修班), A. v. 2002. H.
A. T. C. H. A. (M. Q. M. (澳大利亞衛生行政管理(醫療質量管
理)培訓班) N. 2003. H.
P. A. S. U. (浙江大
學公共管理研修班), N. 2004.

Mr. JIN Hui (金暉), 39, H.
H. C. J. v. 2022
L. (浙江華明會計師事務所有限公司) F. v. 2012 D. 2021,
W. v. H.
M. v. P. C. N. 2018, H.
W. v. L. C. P. A. C. L. (溫州立德會計師事務所有限公司)
F. v. 2009 J. v. 2012.

M. J. U. & E. (浙江財經大學)
J. v. 2008. H.
F. M. 2013. H.
P. R. C. M. 2024.

Directors, Supervisors and Senior Management

Directors/Senior Management	Members of the Group	Positions Held at Members of the Group	Term of Office
WANG Li, 王丽	Yi, 尹燕, 杭州康宁医院管理有限公司董事	Executive Director, Member of the Board	February 2017 - Present
	Qi, 齐凯, 杭州康宁医院管理有限公司董事	Member of the Board	December 2018 - Present
	Hu, 胡宇, 南京康宁医院管理有限公司董事	Executive Director, General Manager, Member of the Board	December 2020 - Present
	Tan, 谭宇, 杭州康宁医院管理有限公司董事	Executive Director	September 2022 - Present
	Du, 杜宇, 杭州康宁医院管理有限公司董事	Chairman	September 2022 - Present
	Pan, 潘凯, 杭州康宁医院管理有限公司董事	Director	November 2022 - Present
	Chen, 陈凯, 杭州康宁医院管理有限公司董事	Chairman	March 2023 - Present
	Wu, 吴刚, 佛山康宁医院管理有限公司董事	Chairman, Member of the Board	November 2025 - Present
	Bai, 白宇, 杭州康宁医院管理有限公司董事	Executive Director	July 2024 - Present
	Qin, 秦宇, 杭州康宁医院管理有限公司董事	Member of the Board	November 2024 - Present

Directors, Supervisors and Senior Management

Directors/Senior Management	Members of the Group	Positions Held at Members of the Group	Term of Office
XU Yi	Qin Kangning Hubei Kangning Hospital C., L.	Supervisor	February 2011 - Present
	Yuan Kangning Hubei Kangning Hospital C., L.	Supervisor	February 2013 - Present
	Sun Yuhui Hubei Kangning Hospital Wuxue Branch Hubei Kangning Hospital C., L.	Supervisor	February 2014 - Present
	Wang Yuhui Guangdong Kangning Hospital C., L.	Supervisor	February 2015 - Present
	Tan Kangning Hubei Kangning Hospital C., L.	Executive Director	February 2016 - Present
	Wang Kangning Hubei Kangning Hospital Mingzhu Branch (Guangdong) C., L.	Executive Director, General Manager	February 2016 - Present
	Tan Lu Chongqing Kangning Hospital C., L.	Executive Director, General Manager	February 2016 - Present
	Hu Kangning Chongqing Kangning Hospital C., L.	Executive Director, General Manager	February 2017 - Present
	Wang Tingting TCM Chongqing Kangning Hospital C., L.	Executive Director	February 2018 - Present
	Hu Kangning Hubei Kangning Hospital C., L.	Chairman	February 2018 - Present
	Wang Jiahui Hubei Kangning Hospital Tianmen Branch C., L.	Executive Director, General Manager	February 2018 - Present
	Wang Jiahui Hubei Kangning Hospital Tianmen Branch C., L.	Director, General Manager	February 2025 - Present
	Wang Lu Yunnan Kangning Hospital C., L.	Director	February 2020 - Present
	Wang Yuhui Ningbo Kangning Hospital C., L.	Supervisor	February 2024 - Present
	Qin Kangning Hubei Kangning Hospital Mingzhu Branch C., L.	Supervisor	February 2024 - Present

Directors, Supervisors and Senior Management

Directors/Senior Management	Members of the Group	Positions Held at Members of the Group	Term of Office
WANG J	Qian Yuhui, Huji C., L.	Director	February 2015
	Wang Ning, Peng Shi, Huji C., L.	Chairman, Member	January 2019
	Hu Ji, Kang Hui C., L.	Director	January 2019
	Hu Yuhui, Peng Huji C., L.	Director	January 2019
	Yuhui, Peng Huji (Wang Yuhui) C., L.	Executive Director, General Member	March 2020 - February 2025
	Yuhui, Huji T., C., L.	Member	March 2020
	Wang Yuhui, Yuhui Huji C., L.	Director	April 2020
	Jiang Shuhui, Huji C., L.	Chairman	October 2022
	Liu Kang Hui C., L.	Executive Director, General Member	February 2023
	Bang Yuhui, Huji C., L.	Director, Member	February 2023
	Chang Yuhui, Kang Peng, Huji C., L.	Director	March 2023
	Chang Yuhui, Yuhui Peng, Huji C., L.	Chairman	December 2023
	Yuhui, Gang Huji S., C., L.	Director, Member	April 2024
	Hu Yuhui, Huji C., L.	Director	May 2025
	Yuhui, Yuhui Peng, C., L.	Director, Member	January 2025
	Wang D., Cao S. C., L.	Director	September 2025
	Jiang Hui T., C., L.	Chairman	September 2025
	Wang Gang, Fang Huji C., L.	Director	November 2025

Directors, Supervisors and Senior Management

Directors/Senior Management	Members of the Group	Positions Held at Members of the Group	Term of Office
WENHOUSI WENHOUSI	YANG KANGNING HANGNING MANGNING CANGNING, Ltd.	Supervisor	From January 2017
	QIAN YONG HANGNING CANGNING, Ltd.	Director	From November 2022
ZHANG FANG ZHANG FANG	LI KANGNING HANGNING CANGNING, Ltd.	Executive Director, Manager	From January 2018
	WANG NING PANGNING SHANGNING HANGNING CANGNING, Ltd.	Director	From January 2019
	LI CANGNING HANGNING CANGNING, Ltd.	Executive Director, Manager	From December 2020
JIN WANG JIN WANG	HE YONG PANGNING HANGNING CANGNING, Ltd.	Director	From December 2018
	PANGNING CANGNING YONGNING HANGNING CANGNING, Ltd.	Director	From February 2025
XUN NING XUN NING	GU YONGNING YONGNING HANGNING CANGNING, Ltd.	Executive Director	From January 2019
	HE YONGNING PANGNING HANGNING CANGNING, Ltd.	Chairman	From March 2020
JIN HANG JIN HANG	WANG YONGNING OU YONGNING YONGNING HANGNING CANGNING, Ltd.	Supervisor	From September 2022
	CHANGNING YONGNING NANGNING CANGNING, Ltd.	Supervisor	From September 2022
	PANGNING CANGNING YONGNING HANGNING CANGNING, Ltd.	Supervisor	From January 2023
	JIAN YONGNING SHANGNING HANGNING CANGNING, Ltd.	Director	From March 2024

Auditor's Report

Xi Ku, S, B 2026 N A10667

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I 31 D, 2025 A, S, B, E

B O

W, C, S, A, (CSA), O, A, R, A, F, S, W, K, H, C, I, S, C, P, A, A, N, 1 I, A, R, E, C, C, E, C, P, A, A, (CICPA C), CICPA C, T, W,

Auditor's Report



Key audit matters

How these matters were addressed in the audit

(I) Goodwill impairment

P N 3.18
 N 3.31 S
 N 5.16 G

A 31 D 2025
 MB1 6.4549 A

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3. A

Auditor's Report

K. A. M. ()

Key audit matters

How these matters were addressed in the audit

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4. R.

5. T. () S.

6. C.

Auditor's Report

Key Audit Matters (KAMs)

Key audit matters

How these matters were addressed in the audit

(II) Revenue recognition

Pursuant to the Company's 2025 Revenue Recognition Policy, the Company recognizes revenue from the sale of medical services based on the completion of the service. The Company's revenue for the year ended December 31, 2025, was RMB1,619,784,400. The Company's revenue for the year ended December 31, 2024, was RMB1,619,784,400. The Company's revenue for the year ended December 31, 2023, was RMB1,619,784,400.

- Our audit procedures included:
1. Understanding the Company's revenue recognition policy and the underlying business process.
 2. Testing the Company's revenue recognition policy and the underlying business process.
 3. Testing the Company's revenue recognition policy and the underlying business process.
 4. Verifying the Company's revenue recognition policy and the underlying business process.
 5. Testing the Company's revenue recognition policy and the underlying business process.

Auditor's Report

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Auditor's Report



Auditor's Report



BDO CHINA S...LP
C...P...A...LLP

C...P...A...C...:
W...H...
(E...P...)

C...P...A...C...:
L...W...U...

S...C...
23 M... 2026

Consolidated Balance Sheet

31 December 2025

(All amounts in RMB unless otherwise specified)

Asset	Notes	Balance as at 31 December 2025	Balance as at 31 December 2024
Current assets:			
Cash and bank balances	5.1	294,039,860.88	261,749,010.62
Accounts receivable			
Prepaid expenses			
Due from related parties	5.2	8,573,388.20	7,938,322.41
Due from non-related parties	5.3	1,486,564.55	663,798.83
Accounts payable	5.4	462,939,569.82	571,812,956.97
Due to related parties			
Due to non-related parties	5.5	15,792,568.62	14,713,963.24
Other receivables			
Other receivables from related parties			
Other receivables from non-related parties	5.6	77,790,656.08	81,354,941.59
Inventory	5.7	46,032,543.08	50,629,131.38
Intangible assets			
Copyright			
Patent	5.8		
Trademark			
Other intangible assets	5.9	25,380,696.08	5,859,353.91
Total current assets		932,035,847.31	994,721,478.95

Consolidated Balance Sheet

31 December 2025

(Amount in RMB)

Asset	2025	Balance as at 31 December 2025	Balance as at 31 December 2024
Non-current assets:			
Long-term receivables			
Long-term equity investments	5.10		14,000,000.00
Long-term debt investments	5.11	95,912,391.92	99,413,985.20
Intangible assets			
Other non-current assets	5.12	28,123,065.82	36,755,116.10
Fixed assets			
Property, plant and equipment	5.13	1,159,366,939.63	889,544,442.13
Construction in progress	5.14	13,091,854.50	185,164,227.10
Right-of-use assets			
Investments in subsidiaries	5.15	192,354,108.23	161,821,444.56
Investments in associates	5.16	285,757,258.42	291,535,792.26
Investments in structured entities			
Goodwill	5.17	126,454,937.63	114,158,433.92
Long-term prepayments	5.18	121,609,290.74	150,407,031.48
Deferred tax assets	5.19	55,346,815.83	56,197,544.77
Other non-current assets	5.20	15,514,860.97	11,233,664.34
Total non-current assets		2,093,531,523.69	2,010,231,681.86
Total assets		3,025,567,371.00	3,004,953,160.81

TOTAL ASSETS

Liability
GUAN WANG

Capital
JIN HU

Liability
WANG MI

Consolidated Balance Sheet

31 December 2025

(Amount in RMB Yuan)

Liabilities and shareholders' equity	Notes	Balance as at 31 December 2025	Balance as at 31 December 2024
Current liabilities:			
Short-term borrowings	5.21	109,243,676.71	91,000,000.00
Trade payables			
Prepaid expenses			
Deferred income	5.22	1,805,503.25	14,000,000.00
Contract liabilities			
Other payables	5.23	160,803,092.48	131,936,379.98
Income tax payable	5.24	23,327,087.38	21,319,198.39
Other current liabilities	5.25	161,104.98	49,771.35
Financial liabilities measured at fair value through profit or loss			
Financial liabilities measured at amortized cost			
Financial liabilities measured at fair value through other comprehensive income			
Other financial liabilities	5.26	84,431,492.90	85,747,296.61
Derivative financial liabilities	5.27	35,809,004.43	39,128,083.85
Other financial liabilities	5.28	91,859,119.30	81,287,433.15
Financial liabilities measured at fair value through profit or loss			
Financial liabilities measured at amortized cost			
Financial liabilities measured at fair value through other comprehensive income			
Other financial liabilities	5.29	201,407,509.55	229,270,444.13
Other financial liabilities	5.30	3,214,866.97	615,218.00
Total current liabilities		712,062,457.95	694,353,825.46

Consolidated Balance Sheet

31 December 2025

(Amount in RMB million)

Liabilities and shareholders' equity	Notes	Balance as at 31 December 2025	Balance as at 31 December 2024
Non-current liabilities:			
Long-term debt	5.31	746,952,957.47	691,017,337.44
Long-term debt	5.32	148,475,651.18	151,300,062.80
Long-term debt	5.33	47,419,832.76	76,236,878.60
Long-term debt	5.34	18,206,515.00	8,430,307.00
Long-term debt	5.35	40,820,058.32	40,313,058.68
Other non-current liabilities			
Total non-current liabilities		1,001,875,014.73	967,297,644.52
Total liabilities		1,713,937,472.68	1,661,651,469.98

Consolidated Balance Sheet

31 December 2025

(Amount in RMB million)

		Balance as at	
Liabilities and shareholders' equity	Notes	31 December 2025	31 December 2024
Owner's equity:			
Share capital	5.36	72,358,900.00	72,670,000.00
Other equity instruments			
Investment reserve			
Profit reserve			
Capital reserve	5.37	760,645,326.71	790,024,238.03
Reserve for contingencies	5.38	47,815,625.17	22,366,848.64
Other reserves			
Surplus reserve	5.39	38,399,577.13	38,399,577.13
Reserve for employee benefits	5.40	364,230,299.84	344,285,828.01
Total equity attributable to owners of the company		1,187,818,478.51	1,223,012,794.53
Minority equity		123,811,419.81	120,288,896.30
Total owner's equity		1,311,629,898.32	1,343,301,690.83
Total liabilities and shareholders' equity		3,025,567,371.00	3,004,953,160.81

Total assets

Liability
GUAN W.

Reserve
JIN H.

Shareholder
WANG M.

Company's Balance Sheet

31 December 2025

(Amount in RMB Yuan)

Asset	Notes	Balance as at 31 December 2025	Balance as at 31 December 2024
Current assets:			
Cash and bank deposits		94,963,270.69	112,152,552.80
Financial assets			
Derivatives			
Receivables			
Accounts receivable	16.1	36,684,264.84	69,696,752.09
Prepaid expenses		1,846,331.88	2,264,057.74
Other receivables	16.2	550,863,300.90	616,875,722.47
Inventory		10,183,513.42	10,162,306.19
Intangible assets			
Goodwill			
Assets held for sale			
Other current assets			355,000.00
Total current assets		694,540,681.73	811,506,391.29

Company's Balance Sheet

31 December 2025

(Amount in RMB Yuan)

Asset	Number	Balance as at 31 December 2025	Balance as at 31 December 2024
Non-current assets:			
Long-term equity investments	16.3	858,672,101.34	834,837,987.87
Other non-current assets		28,123,065.82	36,755,116.10
Intangible assets		272,207,527.96	280,273,134.88
Right-of-use assets		1,025,192.00	622,132.50
Other non-current assets			
Receivables			
Investments in subsidiaries		22,729,970.04	23,603,766.55
Investments in associates			
Long-term prepayments		15,910,730.63	18,701,115.49
Other non-current assets		18,521,653.76	17,876,806.13
Other non-current assets		4,734,226.16	6,010,995.66
Total non-current assets		1,221,924,467.71	1,218,681,055.18
Total assets		1,916,465,149.44	2,030,187,446.47

Total liabilities and equity

Liability
GUAN W...

Reserve
JIN H...

Liability
WANG M...

Company's Balance Sheet

31 December 2025

(Amount in RMB Yuan)

Liabilities and shareholders' equity	Number	Balance as at 31 December 2025	Balance as at 31 December 2024
Current liabilities:			
Short-term borrowings		93,720,000.00	75,000,000.00
Financial liabilities			
Due to related parties			
Due to other parties			
Accounts payable		35,437,646.63	50,885,691.57
Prepaid expenses		4,504,580.09	4,828,444.68
Contract liabilities			
Employee compensation		20,959,095.77	20,234,697.93
Taxes payable		3,963,391.03	3,208,892.78
Other payables		22,658,542.55	51,395,823.13
Dividends payable			
Other			
Total		142,430,144.00	172,880,144.00
Total current liabilities		323,673,400.07	378,433,694.09
Non-current liabilities:			
Long-term borrowings		379,700,000.00	399,350,000.00
Bank borrowings			
Borrowings from related parties			
Borrowings from other parties			
Total			
Long-term debt		20,752,353.52	34,016,324.10
Other			
Total			
Deferred income		8,126,515.00	8,430,307.00
Other			
Total			
Total non-current liabilities		408,578,868.52	441,796,631.10
Total liabilities		732,252,268.59	820,230,325.19

Company's Balance Sheet

31 December 2025

(All figures are in RMB unless otherwise specified)

Liabilities and shareholders' equity	Number	Balance as at 31 December 2025	Balance as at 31 December 2024
Owner's equity:			
Capital		72,358,900.00	72,670,000.00
Other comprehensive income			
Reserves			
Capital		833,848,391.98	832,320,975.11
Liabilities		47,815,625.17	22,366,848.64
Other			
Shareholders' equity		38,399,577.13	38,399,577.13
Reserves		287,421,636.91	288,933,417.68
Total owner's equity		1,184,212,880.85	1,209,957,121.28
Total liabilities and shareholders' equity		1,916,465,149.44	2,030,187,446.47

TOTAL ASSETS

Liability
GUAN W.

Reserve
JIN H.

Shareholder
WANG M.

Consolidated Income Statement

Year 2025

(Amount in thousands of RMB unless otherwise specified)

Item	Notes	Amount in 2025	Amount in 2024
III. Operating profit (losses represented with“-” signs)		84,833,285.98	75,353,614.13
A. Revenue	5.52	1,321,588.29	1,528,901.03
L. Expenses	5.53	16,935,849.67	8,783,028.50
IV. Pre-tax profit (total loss represented with“-” signs)		69,219,024.60	68,099,486.66
L. Expenses	5.54	32,615,101.37	17,701,775.29
V. Net profit (net loss represented with“-” signs)		36,603,923.23	50,397,711.37
(I) Continuing operations			
1. Net profit		36,603,923.23	50,397,711.37
2. Net loss			
(II) Discontinued operations			
1. Net profit		54,395,979.83	65,610,188.85
2. Net loss		-17,792,056.60	-15,212,477.48
VI. Other comprehensive income, net of tax			
O. Other comprehensive income			
(I) Other comprehensive income			
1. Change in fair value of equity instruments available for sale			
2. Other comprehensive income arising from disposal of equity instruments			
3. Change in fair value of financial instruments measured at fair value through other comprehensive income			
4. Change in fair value of financial instruments measured at fair value through other comprehensive income			

Consolidated Income Statement

Year 2025

(Amount in thousands of RMB)

Item	2025	Amount in 2025	Amount in 2024
(II) Operating income			
1. Operating income			
2. Cost of services			
3. Administrative expenses			
4. General expenses			
5. Research expenses			
6. Financial expenses			
7. Other non-operating income			
Operating profit			
VII. Total comprehensive income		36,603,923.23	50,397,711.37
Attributable to equity holders of the parent company		54,395,979.83	65,610,188.85
Total		-17,792,056.60	-15,212,477.48
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	5.55	0.76	0.88
(II) Diluted earnings per share (RMB/share)	5.55	0.76	0.88

Total

Prepared by: GUAN WANG
 Checked by: JIN HUI
 Approved by: WANG MING

Company's Income Statement

Year 2025

(Amount in thousands of RMB)

Item	Number	Amount in 2025	Amount in 2024
V. Other comprehensive income, net of tax			
(I) Other comprehensive income arising from equity investments			
1. Change in fair value of equity investments			
2. Other comprehensive income arising from equity investments			
3. Change in fair value of equity investments			
4. Change in fair value of equity investments			
(II) Other comprehensive income arising from debt investments			
1. Other comprehensive income arising from debt investments			
2. Change in fair value of debt investments			
3. Available-for-sale financial assets			
4. Gain on disposal of available-for-sale financial assets			
5. Remeasurement of defined benefit plans			
6. Exchange differences on translation of foreign operations			
7. Other comprehensive income			
VI. Total comprehensive income		32,939,727.23	38,090,066.22
VII. Earnings per share:			
(I) Basic earnings per share (RMB/)			
(II) Diluted earnings per share (RMB/)			

Total comprehensive income attributable to equity holders of the parent company

Prepared by:
GUAN W.

Reviewed by:
JIN H.

Head of Accounting Department:
WANG M.

Consolidated Statement of Cash Flow

Year 2025

(Amount in thousands of RMB)

Item	2025	Amount in 2025	Amount in 2024
II. Cash flows from investing activities			
Cash received from disposal of long-term equity investments		14,540,025.96	34,242,178.97
Cash received from disposal of other long-term investments		12,086.31	
Net cash received from disposal of long-term investments		173,819.70	1,844,120.17
Net cash received from disposal of other long-term investments			2,000,000.00
Cash received from disposal of intangible assets	5.56	13,000,000.00	
Sub-total of cash inflows of investing activities		27,725,931.97	38,086,299.14
Cash paid for acquisition of long-term equity investments		189,507,952.28	192,178,988.86
Cash paid for acquisition of other long-term investments		1,200,000.00	17,020,000.00
Net cash paid for acquisition of long-term investments		27,901,903.01	
Cash paid for acquisition of other long-term investments	5.56	13,029,192.78	942,428.37
Sub-total of cash outflows of investing activities		231,639,048.07	210,141,417.23
Net cash flow from investing activities		-203,913,116.10	-172,055,118.09

Consolidated Statement of Cash Flow

Year 2025

(Amount in thousands of RMB)

Item	Notes	Amount in 2025	Amount in 2024
III. Net cash flow from financing activities			
Cash received from issuing shares		14,000,000.00	7,210,500.00
Interest received from bank deposits		14,000,000.00	7,210,500.00
Cash received from bank deposits		433,102,530.08	448,460,250.00
Cash received from other financing activities	5.56	850,000.00	60,000,000.00
Sub-total of cash inflows of financing activities		447,952,530.08	515,670,750.00
Cash paid for acquisition of subsidiaries		400,626,910.05	367,013,827.25
Cash paid for acquisition of intangible assets		74,417,907.34	74,654,124.22
Interest paid on bank deposits		1,515,123.89	2,923,034.00
Cash paid for other financing activities	5.56	176,491,832.65	150,919,616.84
Sub-total of cash outflows of financing activities		651,536,650.04	592,587,568.31
Net cash flows from financing activities		-203,584,119.96	-76,916,818.31
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		-30,314.57	-157,162.49
V. Net increase in cash and cash equivalents			
Part of cash and cash equivalents	5.57	32,442,007.29	-149,490,595.21
		255,232,744.16	404,723,339.37
VI. Cash and cash equivalents at the end of the period			
	5.57	287,674,751.45	255,232,744.16

TOTAL

Li Rui
GUAN W.

Representative of the Board
JIN H.

Head of Accounting Department
WANG M.

Company's Statements of Cash Flows

Year 2025

(Amount in thousands of RMB Yuan)

Item	Number	Amount in 2025	Amount in 2024
I. Cash flows from operating activities			
Cash inflows from operating activities		417,376,501.33	355,123,462.58
Receipts from sales of goods and services		490,071,165.48	563,112,957.82
Sub-total of cash inflows of operating activities		907,447,666.81	918,236,420.40
Cash outflows from operating activities		153,791,613.45	135,345,404.98
Cash outflows for purchasing fixed assets and intangible assets		172,187,105.62	163,048,839.70
Cash outflows for paying taxes		5,232,958.43	3,350,063.92
Cash outflows for paying dividends		439,804,646.45	535,927,923.31
Sub-total of cash outflows of operating activities		771,016,323.95	837,672,231.91
Net cash flows from operating activities		136,431,342.86	80,564,188.49
II. Cash flows from investing activities			
Cash inflows from investing activities		162,179,725.96	139,899,934.13
Cash inflows from disposal of fixed assets and intangible assets			18,438,461.27
Net cash inflows from disposal of subsidiaries and other entities		33,949.00	21,024.00
Net cash inflows from disposal of long-term equity investments			
Cash inflows from disposal of financial assets			
Sub-total of cash inflows of investing activities		162,213,674.96	158,359,419.40
Cash outflows from investing activities		7,737,107.02	12,562,107.39
Cash outflows for purchasing fixed assets and intangible assets		176,657,200.00	184,882,800.00
Net cash outflows from disposal of subsidiaries and other entities			
Cash outflows from disposal of long-term equity investments			
Sub-total of cash outflows of investing activities		184,394,307.02	197,444,907.39
Net cash flows from investing activities		-22,180,632.06	-39,085,487.99

Company's Statements of Cash Flows

Year 2025

(Amount in thousands of RMB Yuan)

Item	Number	Amount in 2025	Amount in 2024
III. Net cash flows from financing activities			
Cash inflows from issuing debt		287,720,000.00	329,000,000.00
Cash inflows from issuing equity			35,000,000.00
Sub-total of cash inflows of financing activities		287,720,000.00	364,000,000.00
Cash outflows for debt repayment		319,100,000.00	335,542,127.25
Cash outflows for dividend distribution		55,890,886.68	58,516,854.32
Cash outflows for other financing activities		44,139,769.54	85,949,943.67
Sub-total of cash outflows of financing activities		419,130,656.22	480,008,925.24
Net cash flows from financing activities		-131,410,656.22	-116,008,925.24
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-30,314.57	-157,162.49
V. Net increase in cash and cash equivalents		-17,190,259.99	-74,687,387.23
Plus: 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		93,598,161.26	110,788,421.25
Total			

Prepared by:
GUAN W.

Reviewed by:
C. A.
JIN H.

Head of Accounting Department:
WANG M.

Consolidated Statement of Changes in Shareholders' Equity

Year 2025

(Amount in RMB)

Item	Equity attributable to owners of the company						Minority equity	Total owner's equity			
	Share capital	Preferred shares	Perpetual bond	Other equity instruments	Capital surplus	Less: treasury stock					
				Other comprehensive income	Specific reserve	Surplus reserve	Provision for general risk	Retained earnings	Subtotal		
(IV) Balance at 31 December 2024	72,338,900.00					38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
1. Issuance of shares											
2. Issuance of bonds											
3. Issuance of other equity instruments											
4. Change in ownership											
5. Change in other equity instruments											
6. Change in other equity instruments											
(V) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(VI) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(VII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(VIII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(IX) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(X) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XI) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XIII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XIV) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XV) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XVI) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XVII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XVIII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XIX) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XX) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXI) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXIII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXIV) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXV) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXVI) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXVII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXVIII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXIX) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXX) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXXI) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXXII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXXIII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXXIV) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXXV) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXXVI) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXXVII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXXVIII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XXXIX) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XL) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XLI) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XLII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XLIII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XLIV) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XLV) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XLVI) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XLVII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XLVIII) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(XLIX) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32
(L) Total						38,399,377.13		364,230,299.84	1,187,818,478.51	123,811,419.81	1,311,629,898.32

L. R. • • • • • :
 GUAN W. • • • • •

R. • • • • • :
 JIN H. • • • • •

H. • • • • • :
 WANG M. • • • • •

D. • • • • • :
 WANG M. • • • • •

Consolidated Statement of Changes in Shareholders' Equity

Year 2025





(Amount in RMB Yuan)

	Balance at the beginning of the year	Issue of shares	Share repurchase	Other comprehensive income	Other	Profit or loss	Total
(IV) Shareholders' Equity							
1. Capital	72,670,000.00						72,670,000.00
2. Surplus reserves	790,024,238.03						790,024,238.03
3. Special reserves							
4. Other comprehensive income							
5. Undistributed profits							
6. Total							
(V) Shareholders							
1. Wang Kangning							
2. Others							
(VI) Total							
IV. Balance as at 31 December 2024	72,670,000.00	790,024,238.03	22,366,848.64	38,399,377.13	344,285,828.01	1,223,012,794.53	1,343,301,690.83
TOTAL							
L. R. Guan Wenzhi							
R. Wang Ming							
C. Jin Hai							
A. D. Wang Ming							

Company's Statements of Changes in Shareholders' Equity

Year 2025

(Amount in RMB)

Item	Amount in 2025						Total shareholders' equity		
	Share capital	Preferred shares	Perpetual bonds	Others	Capital surplus	Less: treasury stock			
(IV) Other equity instruments				Other comprehensive income	Special reserve	Surplus reserves	Retained earnings		
1. Capital									
2. Surplus									
3. Special reserve									
4. Capital surplus									
5. Other									
6. Total									
(V) Shareholders' equity									
1. Balance at the beginning of the year									
2. Changes during the year									
(VI) Total									
IV. Balance as at 31 December 2025	72,358,900.00				833,848,391.98	47,815,625.17	38,399,377.13	287,421,636.91	1,184,212,880.85
<p>TOTAL: 72,358,900.00 + 833,848,391.98 + 47,815,625.17 + 38,399,377.13 = 1,184,212,880.85</p>									
<p>Signature:  GUAN W. J.</p> <p>Signature:  JIN H.</p> <p>Signature:  WANG M.</p> <p>Signature:  D.</p>									

Company's Statements of Changes in Shareholders' Equity

Year 2025

(Amount in RMB Yuan)

	Shareholders' Equity	Reserves	Surplus Reserve	Other Reserves	Other Equity	Total
IV. Balance at 31 December 2024	72,670,000.00	832,320,975.11	22,366,848.64	38,399,577.13	288,933,417.68	1,209,957,121.28
V. Balance at 31 December 2024						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(VI) Other Equity						
1. Warrant						
2. Other						
(VII) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(VIII) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(IX) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(X) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XI) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XII) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XIII) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XIV) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XV) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XVI) Total						
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2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XVII) Total						
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2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XVIII) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XIX) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XX) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XXI) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XXII) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XXIII) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XXIV) Total						
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2. Surplus Reserve						
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(XXVI) Total						
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(XXVII) Total						
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2. Surplus Reserve						
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(XXXVII) Total						
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3. Other Reserves						
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(XXXVIII) Total						
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3. Other Reserves						
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5. Total						
6. Total						
(XXXIX) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XL) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5. Total						
6. Total						
(XLI) Total						
1. Capital Reserve						
2. Surplus Reserve						
3. Other Reserves						
4. Other Equity						
5						

Notes to the Financial Statements

For the Year Ended 31 December 2025
(All amounts are in RMB unless otherwise stated)

1

Wenhous Kangning Hospital Co., Ltd. (the Company) is a limited liability company incorporated in the PRC. It was established in 1996. The Company is a subsidiary of Wenhous Kangning Hospital Co., Ltd. (the Parent Company) incorporated in the PRC.

On 15 October 2014, the Company was established in the PRC.

On 20 November 2015, the Company was established in the PRC.

As at 31 December 2025, the Company has a total of 72,358,900 shares issued and fully paid up, with a par value of RMB72,358,900. The shares are listed on the Shanghai Stock Exchange.

The Company is a public company.

The Company is a company with variable interest entities.

On 23 March 2026, the Company is expected to be listed on the Shanghai Stock Exchange.

2

2.1 Basis of preparation

The financial statements are prepared on the basis of the accounting policies adopted by the Company. The accounting policies are consistent with the accounting policies of the Parent Company. The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the Interpretations of IFRS issued by the International Financial Reporting Interpretations Committee (IFRIC) as issued by the IASB.

2.2 Going concern

The Company is a going concern.

Notes to the Financial Statements

Financial Statements for the period ending 31 December 2025
(All amounts are in RMB unless otherwise specified)

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- 2. ...
- 3. ...

3.1 Statement of compliance with the Accounting Standards for Business Enterprises

The Company has prepared its financial statements for the period ending 31 December 2025 in accordance with the Accounting Standards for Business Enterprises (ASBE) issued by the Ministry of Finance of the People's Republic of China.

3.2 Accounting period

The accounting period of the Company is from 1 January to 31 December.

3.3 Operating cycle

The operating cycle of the Company is 12 months.

3.4 Bookkeeping currency

The bookkeeping currency of the Company is RMB.

3.5 Accounting treatment methods for business combinations under common control and not under common control

Business combinations under common control are accounted for using the equity method. Business combinations not under common control are accounted for using the purchase method. The purchase method involves recognizing the identifiable intangible assets and liabilities of the acquired entity at their fair value at the acquisition date. The difference between the purchase price and the fair value of the identifiable intangible assets and liabilities is recognized as goodwill.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant Accounting Policies

3.5 Accounting treatment methods for business combinations under common control and not under common control

Business combinations under common control are accounted for using the book value method. The identifiable intangible assets of the acquiree are recognized at their fair value. The goodwill is measured as the difference between the aggregate of the book value of the identifiable intangible assets and the book value of the acquiree. The goodwill is not amortized. The business combinations not under common control are accounted for using the purchase method. The identifiable intangible assets of the acquiree are recognized at their fair value. The goodwill is measured as the difference between the aggregate of the fair value of the identifiable intangible assets and the fair value of the acquiree. The goodwill is not amortized.

For business combinations under common control, the book value of the acquiree is adjusted to its fair value. The difference between the book value and the fair value is recognized as a reserve. The book value of the acquiree is adjusted to its fair value. The difference between the book value and the fair value is recognized as a reserve.

3.6 Criteria for determining control and methods for preparing consolidated financial statements

3.6.1 Control

The Group determines control based on the following criteria: (1) Power to govern the financial and operating policies of the investee; (2) Exposure to variable returns from the investee; (3) Ability to exercise influence over the investee. The Group exercises control over the investee if it meets all three criteria.

3.6.2 Consolidation

The Group consolidates all entities that it controls. The consolidation is performed using the purchase method. The identifiable intangible assets of the acquiree are recognized at their fair value. The goodwill is measured as the difference between the aggregate of the fair value of the identifiable intangible assets and the fair value of the acquiree. The goodwill is not amortized. The consolidation is performed using the purchase method. The identifiable intangible assets of the acquiree are recognized at their fair value. The goodwill is measured as the difference between the aggregate of the fair value of the identifiable intangible assets and the fair value of the acquiree. The goodwill is not amortized.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are in RMB unless otherwise specified)

3 Significant Accounting Policies and Accounting Estimates

3.6 Criteria for determining control and methods for preparing consolidated financial statements (in million RMB)

3.6.2 Control criteria (in million RMB)

The Group determines control over an investee based on the following criteria: (1) Power to govern the financial and operating policies of the investee; (2) Exposure to variable returns from the investee; (3) Ability to use its power to affect the amount of the variable returns. The Group exercises control over the investee when it has the power to govern the financial and operating policies of the investee and is exposed to variable returns from the investee.

(1) Investment in subsidiaries: The Group exercises control over its subsidiaries because it has the power to govern the financial and operating policies of the subsidiaries and is exposed to variable returns from the subsidiaries.

(2) Investment in associates: The Group exercises joint control over its associates because it has the power to govern the financial and operating policies of the associates and is exposed to variable returns from the associates.

Notes to the Financial Statements

Financial Statements as at December 31, 2025

(All amounts are in RMB unless otherwise specified)

3 Significant accounting policies and accounting estimates (continued)

3.6 Criteria for determining control and methods for preparing consolidated financial statements (continued)

3.6.2 Control criteria (continued)

(2) Determining control

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Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant Accounting Policies and Accounting Estimates

3.6 Criteria for determining control and methods for preparing consolidated financial statements (in million RMB)

3.6.2 Consolidated financial statements (in million RMB)

(2) Determination of control (in million RMB)

Subsidiaries are entities controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to affect its returns to the investor. The Company uses the following criteria to determine whether it controls an entity:

1. The Company has the power to govern the financial and operating policies of the entity.

2. The Company has the power to obtain or exercise the power to obtain the variable returns from the entity.

3. The Company has the power to appoint or remove the members of the Board of Directors or the equivalent governing body of the entity.

4. The Company has the power to appoint or remove the key management personnel of the entity. Key management personnel are those persons who have the authority to plan, direct and control the activities of the entity.

5. The Company has the power to appoint or remove the members of the Board of Directors or the equivalent governing body of the entity.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB million unless otherwise specified)

3 Significant accounting policies and accounting estimates (continued)

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies

3.8 Criteria for determining cash and cash equivalents

Cash and cash equivalents are defined as assets that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are short-term investments that are highly liquid and have a maturity of three months or less from the reporting date.

3.9 Foreign currency transactions and foreign currency financial statement translation

Foreign currency transactions are recorded in the functional currency of the entity. At the reporting date, foreign currency assets and liabilities are translated into RMB at the closing rate.

Assets and liabilities denominated in foreign currencies are translated into RMB at the closing rate. Income and expenses are translated into RMB at the average rate of exchange for the period, unless the exchange rate fluctuates significantly during the period, in which case the closing rate is used.

3.10 Financial instruments

The Company's financial instruments are primarily cash, trade receivables, trade payables, and bank borrowings. These instruments are classified as financial assets or financial liabilities.

3.10.1 Cash

Bank deposits are classified as cash equivalents if they are highly liquid and have a maturity of three months or less from the reporting date. All other bank deposits are classified as cash.

Trade receivables are classified as financial assets. They are measured at amortized cost using the effective interest method.

Trade payables are classified as financial liabilities. They are measured at amortized cost using the effective interest method.

Bank borrowings are classified as financial liabilities. They are measured at amortized cost using the effective interest method.

Notes to the Financial Statements

Financial Year Ending 31 December 2025

(Amounts in RMB)

3 Significant Accounting Policies

3.10 Financial instruments

3.10.1 Cash and cash equivalents

Cash and cash equivalents are defined as balances on hand and deposits with banks and other financial institutions that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

☒ Term deposits are classified as cash and cash equivalents if they are held for a period of less than 12 months.

☒ Cash equivalents are held for a period of less than 12 months and are subject to an insignificant risk of changes in value.

Financial assets are classified as cash and cash equivalents if they are held for a period of less than 12 months and are subject to an insignificant risk of changes in value. Term deposits are classified as cash and cash equivalents if they are held for a period of less than 12 months.

Assets are classified as cash and cash equivalents if they are held for a period of less than 12 months and are subject to an insignificant risk of changes in value. Cash equivalents are held for a period of less than 12 months and are subject to an insignificant risk of changes in value.

Financial assets are classified as cash and cash equivalents if they are held for a period of less than 12 months and are subject to an insignificant risk of changes in value.

Assets are classified as cash and cash equivalents if they are held for a period of less than 12 months and are subject to an insignificant risk of changes in value.

1) Term deposits are classified as cash and cash equivalents if they are held for a period of less than 12 months.

2) Assets are classified as cash and cash equivalents if they are held for a period of less than 12 months and are subject to an insignificant risk of changes in value.

3) Term deposits are classified as cash and cash equivalents if they are held for a period of less than 12 months.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts in RMB unless otherwise specified)

3 Significant accounting policies

3.10 Financial instruments

3.10.2 Recognition and measurement

(1) Financial assets and liabilities

Financial assets and liabilities are recognized when the company enters into a contract that gives rise to a financial asset or financial liability. Financial assets and liabilities are measured at fair value. Fair value is the price that would be received to settle an asset or discharge a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities is determined using the following methods:

1. Financial assets and liabilities with a quoted market price in an active market are measured at the quoted market price.

2. Financial assets and liabilities that are not quoted in an active market but for which there is a market price for similar assets or liabilities are measured at the market price for similar assets or liabilities.

(2) Financial assets and liabilities measured at fair value

Financial assets and liabilities are measured at fair value. The fair value of financial assets and liabilities is determined using the following methods:

1. Financial assets and liabilities with a quoted market price in an active market are measured at the quoted market price.

Notes to the Financial Statements

Financial Year Ended 31 December 2025

(All amounts are in RMB unless otherwise stated)

3 Significant accounting policies

3.10 Financial instruments

3.10.2 Recognition and measurement

(3) Financial assets and liabilities are initially recognised when the company becomes a party to the financial instrument. Financial assets and liabilities are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Fair value is the price that would be received to settle an asset or liability in an orderly market at the measurement date. The fair value of financial assets and liabilities is determined using the following methods:

U Financial assets and liabilities are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Fair value is the price that would be received to settle an asset or liability in an orderly market at the measurement date. The fair value of financial assets and liabilities is determined using the following methods:

(4) Financial assets and liabilities are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Fair value is the price that would be received to settle an asset or liability in an orderly market at the measurement date. The fair value of financial assets and liabilities is determined using the following methods:

(5) Financial assets and liabilities are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Fair value is the price that would be received to settle an asset or liability in an orderly market at the measurement date. The fair value of financial assets and liabilities is determined using the following methods:

U Financial assets and liabilities are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Fair value is the price that would be received to settle an asset or liability in an orderly market at the measurement date. The fair value of financial assets and liabilities is determined using the following methods:

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts in RMB unless otherwise specified)

3 Significant accounting policies

3.10 Financial instruments

3.10.2 Recognition, measurement and derecognition

(6) Financial assets and liabilities

Financial assets are classified into three categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial liabilities are classified into financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

Financial assets and liabilities are recognized when the company enters into a contract that gives rise to a financial asset or financial liability.

3.10.3 Recognition, measurement and derecognition

Trade receivables

Trade receivables are recognized at the amount of consideration that the company expects to receive in exchange for the goods or services transferred.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are measured at fair value. Changes in fair value are recognized in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are measured at fair value. Changes in fair value are recognized in other comprehensive income.

Financial assets at amortized cost

Notes to the Financial Statements

Financial Year Ending 31 December 2025

(All amounts are in RMB unless otherwise stated)

3 Significant accounting policies

3.10 Financial instruments

3.10.3 Recognition, measurement and derecognition

Trade receivables are recognised at the time of sale of goods or services, net of expected credit losses. Trade receivables are measured at amortised cost using the effective interest method. Trade receivables are derecognised when the contractual rights to the cash flows have expired.

(1) Trade receivables are measured at amortised cost using the effective interest method.

(2) Trade receivables are measured at amortised cost using the effective interest method. Trade receivables are derecognised when the contractual rights to the cash flows have expired.

Trade payables are recognised at the time of purchase of goods or services, net of expected credit losses. Trade payables are measured at amortised cost using the effective interest method. Trade payables are derecognised when the contractual obligations have expired.

(1) Trade payables are measured at amortised cost using the effective interest method.

(2) Trade payables are measured at amortised cost using the effective interest method. Trade payables are derecognised when the contractual obligations have expired.

Trade receivables are recognised at the time of sale of goods or services, net of expected credit losses. Trade receivables are measured at amortised cost using the effective interest method. Trade receivables are derecognised when the contractual rights to the cash flows have expired.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts are in RMB unless otherwise specified)

3 Significant accounting policies

3.10 Financial instruments

3.10.4 Derivatives

The Company uses derivatives to hedge its foreign currency exposure. The Company's derivatives are classified as financial instruments. The Company's derivatives are measured at fair value. The Company's derivatives are classified as financial instruments. The Company's derivatives are measured at fair value.

The Company's derivatives are classified as financial instruments. The Company's derivatives are measured at fair value. The Company's derivatives are classified as financial instruments. The Company's derivatives are measured at fair value.

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The Company's derivatives are classified as financial instruments. The Company's derivatives are measured at fair value. The Company's derivatives are classified as financial instruments. The Company's derivatives are measured at fair value.

3.10.5 Maturity

The Company's derivatives are classified as financial instruments. The Company's derivatives are measured at fair value. The Company's derivatives are classified as financial instruments. The Company's derivatives are measured at fair value.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB Yuan unless otherwise specified)

3 Significant accounting policies and accounting estimates (continued)

3.10 Financial instruments (continued)

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Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies

3.10 Financial instruments

3.10.6 Measurement

Initial recognition and measurement of financial assets and liabilities are determined by their contractual terms and the business model in which they are held. Financial assets and liabilities are classified into three measurement categories: amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI).

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold the assets for the purpose of collecting contractual cash flows and if their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets that do not meet these criteria are measured at FVTPL or FVOCI.

Financial liabilities are measured at amortised cost if they are held within a business model whose objective is to hold the liabilities for the purpose of settling contractual obligations and if their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial liabilities that do not meet these criteria are measured at FVTPL or FVOCI.

Initial recognition and measurement	Portfolio categories	Determination basis
Non-derivative financial assets	<ul style="list-style-type: none"> Placed in the amortised cost category Placed in the FVTPL category 	<ul style="list-style-type: none"> Grouped into the amortised cost category Grouped into the FVTPL category
Derivative financial assets	<ul style="list-style-type: none"> Placed in the FVTPL category 	<ul style="list-style-type: none"> Grouped into the FVTPL category
Derivative financial liabilities	<ul style="list-style-type: none"> Placed in the FVTPL category Placed in the FVOCI category 	<ul style="list-style-type: none"> Grouped into the FVTPL category Grouped into the FVOCI category
Non-derivative financial liabilities	<ul style="list-style-type: none"> Placed in the amortised cost category Placed in the FVTPL category 	<ul style="list-style-type: none"> Grouped into the amortised cost category Grouped into the FVTPL category

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are in RMB unless otherwise specified)

3 Significant Accounting Policies

3.10 Financial instruments

3.10.6 Monetary Instruments
 Monetary instruments are recognized at fair value. Monetary instruments are measured at amortized cost using the effective interest method. Monetary instruments are measured at fair value if they are held for trading, or if they are designated as fair value instruments.

3.11 Inventory

3.11.1 Classification
 Inventory is classified into raw materials, work in progress, finished goods, and supplies.

3.11.2 Valuation
 Inventory is measured at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

3.11.3 Impairment
 The Company tests inventory for impairment at the end of each reporting period.

3.11.4 Acquisition
 Inventory is recognized at the time of acquisition.

3.11.5 Recognition
 Inventory is recognized when the Company has obtained legal title to the inventory, and the risks and rewards of ownership have transferred to the Company.

3.11.6 Measurement
 Inventory is measured at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB Yuan unless otherwise stated)

3 Significant Accounting Policies and Accounting Estimates

3.11 Inventory

3.11.5 Raw materials

At the end of the reporting period, the Company's raw materials are measured at cost. The cost of raw materials is determined on a first-in, first-out basis. The cost of raw materials includes the purchase price, transportation fees, and other related costs. The Company's raw materials are primarily used for the production of pharmaceutical products.

3.12 Held for sale

At the end of the reporting period, the Company's held for sale assets are measured at the lower of cost and fair value less costs to sell. The fair value less costs to sell is determined based on the current market price less costs to sell.

The Company's held for sale assets are primarily land and buildings that are held for sale in the ordinary course of business.

(1) The Company's held for sale assets are primarily land and buildings that are held for sale in the ordinary course of business.

(2) The Company's held for sale assets are primarily land and buildings that are held for sale in the ordinary course of business.

The Company's held for sale assets are primarily land and buildings that are held for sale in the ordinary course of business.

3.13 Long-term equity investments

3.13.1 Goodwill

The Company's goodwill is measured as the excess of the purchase price over the fair value of the identifiable intangible assets acquired. Goodwill is tested for impairment annually, or more frequently if there are indicators of impairment. The Company's goodwill is primarily related to the acquisition of other companies.

The Company's goodwill is primarily related to the acquisition of other companies.

Notes to the Financial Statements

Financial Year Ending 31 December 2025

(All amounts are in RMB unless otherwise stated)

3 Significant Accounting Policies

3.13 Long-term equity investments (in million RMB)

3.13.2 Dividends

(1) Long-term equity investments in subsidiaries

For the year ended 31 December 2025, the Company received dividends from its subsidiaries amounting to RMB 100 million. The dividends are recorded as follows:

Company Name	Dividend Amount (RMB million)
Wenhous Kangning Hospital Co., Ltd.	100

For the year ended 31 December 2024, the Company received dividends from its subsidiaries amounting to RMB 100 million. The dividends are recorded as follows:

Company Name	Dividend Amount (RMB million)
Wenhous Kangning Hospital Co., Ltd.	100

(2) Long-term equity investments in associates

For the year ended 31 December 2025, the Company received dividends from its associates amounting to RMB 100 million. The dividends are recorded as follows:

Company Name	Dividend Amount (RMB million)
Wenhous Kangning Hospital Co., Ltd.	100

For the year ended 31 December 2024, the Company received dividends from its associates amounting to RMB 100 million. The dividends are recorded as follows:

Company Name	Dividend Amount (RMB million)
Wenhous Kangning Hospital Co., Ltd.	100

3.13.3 Share-based payments

(1) Long-term equity investments in subsidiaries

The Company has issued share-based payments to its subsidiaries. The share-based payments are recorded as follows:

Company Name	Share-based Payment Amount (RMB million)
Wenhous Kangning Hospital Co., Ltd.	100

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant Accounting Policies

3.13 Long-term equity investments

3.13.3 Subsidiaries

(2) Long-term equity investments

Investments in subsidiaries are accounted for using the cost method. The cost method is applied when the investor does not have significant influence over the investee. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control. Significant influence is presumed to exist when the investor holds 20% or more of the ordinary shares of the investee, unless it can be clearly demonstrated that such a holding does not constitute significant influence. Significant influence is also presumed to exist when the investor holds less than 20% of the ordinary shares of the investee, unless it can be clearly demonstrated that such a holding does constitute significant influence.

When the cost method is used, the investment is recorded at cost. Dividends received from the investee are recognized as income. If the investment cost exceeds the investor's share of the investee's net assets at the time of acquisition, the excess is recorded as goodwill. Goodwill is tested for impairment annually, or more frequently if there are indications of impairment. If there is an indication of impairment, the carrying amount of the investment is tested for impairment, and the amount of impairment loss is recognized in the profit or loss account.

When the cost method is used, the investment is recorded at cost. Dividends received from the investee are recognized as income. If the investment cost exceeds the investor's share of the investee's net assets at the time of acquisition, the excess is recorded as goodwill. Goodwill is tested for impairment annually, or more frequently if there are indications of impairment. If there is an indication of impairment, the carrying amount of the investment is tested for impairment, and the amount of impairment loss is recognized in the profit or loss account.

When the cost method is used, the investment is recorded at cost. Dividends received from the investee are recognized as income. If the investment cost exceeds the investor's share of the investee's net assets at the time of acquisition, the excess is recorded as goodwill. Goodwill is tested for impairment annually, or more frequently if there are indications of impairment. If there is an indication of impairment, the carrying amount of the investment is tested for impairment, and the amount of impairment loss is recognized in the profit or loss account.

When the cost method is used, the investment is recorded at cost. Dividends received from the investee are recognized as income. If the investment cost exceeds the investor's share of the investee's net assets at the time of acquisition, the excess is recorded as goodwill. Goodwill is tested for impairment annually, or more frequently if there are indications of impairment. If there is an indication of impairment, the carrying amount of the investment is tested for impairment, and the amount of impairment loss is recognized in the profit or loss account.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are in RMB unless otherwise specified)

3 Significant Accounting Policies

3.13 Long-term equity investments

3.13.3 Subsidiaries

(3) Domestic subsidiaries

Wenhous Kangning Hospital Co., Ltd. is a wholly-owned subsidiary of Wenhous Kangning Hospital Co., Ltd. The financial statements of Wenhous Kangning Hospital Co., Ltd. are consolidated into the financial statements of Wenhous Kangning Hospital Co., Ltd. as of December 31, 2025.

Wenhous Kangning Hospital Co., Ltd. is a wholly-owned subsidiary of Wenhous Kangning Hospital Co., Ltd. The financial statements of Wenhous Kangning Hospital Co., Ltd. are consolidated into the financial statements of Wenhous Kangning Hospital Co., Ltd. as of December 31, 2025.

Wenhous Kangning Hospital Co., Ltd. is a wholly-owned subsidiary of Wenhous Kangning Hospital Co., Ltd. The financial statements of Wenhous Kangning Hospital Co., Ltd. are consolidated into the financial statements of Wenhous Kangning Hospital Co., Ltd. as of December 31, 2025.

Wenhous Kangning Hospital Co., Ltd. is a wholly-owned subsidiary of Wenhous Kangning Hospital Co., Ltd. The financial statements of Wenhous Kangning Hospital Co., Ltd. are consolidated into the financial statements of Wenhous Kangning Hospital Co., Ltd. as of December 31, 2025.

Wenhous Kangning Hospital Co., Ltd. is a wholly-owned subsidiary of Wenhous Kangning Hospital Co., Ltd. The financial statements of Wenhous Kangning Hospital Co., Ltd. are consolidated into the financial statements of Wenhous Kangning Hospital Co., Ltd. as of December 31, 2025.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are in RMB unless otherwise stated)

3 Significant accounting policies

3.14 Fixed assets

3.14.3 Depreciation

Wen Zhou Kang Ning Hospital Co., Ltd. uses the straight-line method to depreciate its fixed assets. The depreciation period and the estimated residual value of the fixed assets are as follows:

3.15 Construction in progress

Construction in progress refers to the construction of fixed assets that are not yet completed. It includes the cost of land, construction materials, construction labor, and other costs incurred during the construction process. Construction in progress is measured at cost and is not depreciated until it is completed and ready for use.

Criteria and timing for conversion to fixed assets

By the end of the construction period	(1) Management decision to use the asset
Milestone completion	(2) Receipt of the asset
	(1) Evidence of the asset's availability for use
	(2) Evidence of the asset's availability for use
	(3) Evidence of the asset's availability for use

3.16 Borrowing costs

3.16.1 Recognition and measurement

Borrowing costs are recognized as an expense when they are incurred. Borrowing costs are measured at the amount of cash paid, less any amounts received from the lender.

Qualified assets are those assets that require a significant period of time to get ready for their intended use or sale. Borrowing costs are capitalized for qualified assets.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies

3.16 Borrowing costs

3.16.2 Capitalization of borrowing costs

The borrowing costs incurred during the reporting period are capitalized to the cost of the related asset when the asset is being constructed or otherwise produced. Capitalization of borrowing costs commences when the following three conditions are met:

Capitalization of borrowing costs commences when the following three conditions are met:

(1) Activities related to the asset are in progress so that it is probable that the asset will be available for use or sale in the future.

(2) Borrowing costs are incurred.

(3) The costs of the asset are being incurred.

Capitalization of borrowing costs ceases when the following two conditions are met:

3.16.3 Stop capitalization

Capitalization of borrowing costs ceases when the following two conditions are met: (1) The asset is ready for its intended use or sale; (2) The borrowing costs are incurred. Borrowing costs that are not capitalized are recognized as an expense in the period in which they are incurred.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are in RMB unless otherwise specified)

3 Significant accounting policies

3.16 Borrowing costs

3.16.4 Capitalization of borrowing costs

Borrowing costs are recognized as an expense when incurred, except for those that are directly attributable to the acquisition, construction or production of a qualifying asset. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. The capitalization of borrowing costs commences at the time that the entity incurs the borrowing costs and ceases when the asset is ready for its intended use or sale.

For the purpose of this policy, a qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing costs are capitalized on the basis of a weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period. The capitalization of borrowing costs ceases when the asset is ready for its intended use or sale. Borrowing costs that are not capitalized are recognized as an expense in the period in which they are incurred.

During the reporting period, the Company has not capitalized any borrowing costs. The amount of borrowing costs capitalized during the reporting period is RMB 0 million.

3.17 Intangible assets

3.17.1 Valuation

(1) Trademarks

Trademarks are recognized as intangible assets when they are identifiable and their cost can be reliably measured. Trademarks are measured at cost less accumulated amortization and impairment losses.

(2) Software

Software is recognized as an intangible asset when it is identifiable and its cost can be reliably measured. Software is measured at cost less accumulated amortization and impairment losses.

Intangible assets are amortized over their useful lives. The useful life of an intangible asset is determined based on the expected period over which the asset will generate cash flows for the entity. Intangible assets with finite useful lives are amortized on a straight-line basis over their useful lives. Intangible assets with indefinite useful lives are not amortized.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

3 Significant Intangible Assets

3.17 Intangible assets

3.17.2 Intangible assets with finite useful lives

Intangible asset	Estimated useful lives (years)	Amortisation method	Basis
Land use rights	40-50	Straight-line	Cost
Software	5	Straight-line	Cost less accumulated amortisation and impairment losses
Copyrights	20-30	Straight-line	Cost less accumulated amortisation and impairment losses
Medical equipment	5-20	Straight-line	Cost less accumulated amortisation and impairment losses
Trademarks	10	Straight-line	Cost less accumulated amortisation and impairment losses

3.17.3 Software

Costs incurred in the development of software are capitalised as intangible assets when the following criteria are met:

1. Technical feasibility of completing the software so that it will be available for use or sale;

2. Management's intention to complete the software and use or sell it;

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant Accounting Policies and Accounting Estimates

3.18 Impairment of long-term assets

Long-term assets are tested for impairment when there are indications that the carrying amount of the asset may not be recoverable. The carrying amount of the asset is compared with the recoverable amount, which is the maximum amount of cash or cash equivalents that can be derived from the asset, less any costs of disposal. If the carrying amount of the asset exceeds the recoverable amount, the carrying amount is reduced to the recoverable amount. The impairment loss is recognized in the profit or loss account. The impairment loss is reversed if the recoverable amount of the asset increases in subsequent periods. The impairment loss is reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

For long-term assets that are not cash-generating units, the impairment loss is recognized in the profit or loss account. For cash-generating units, the impairment loss is recognized in the profit or loss account and is allocated to the assets of the cash-generating unit in the following order: first, to goodwill; second, to intangible assets with indefinite useful lives or other intangible assets not available for sale; and third, to other assets.

The carrying amount of the cash-generating unit is compared with the recoverable amount of the cash-generating unit. The recoverable amount of the cash-generating unit is the maximum amount of cash or cash equivalents that can be derived from the cash-generating unit, less any costs of disposal. The impairment loss is recognized in the profit or loss account and is allocated to the assets of the cash-generating unit in the following order: first, to goodwill; second, to intangible assets with indefinite useful lives or other intangible assets not available for sale; and third, to other assets.

When the carrying amount of the cash-generating unit exceeds the recoverable amount of the cash-generating unit, the carrying amount is reduced to the recoverable amount. The impairment loss is recognized in the profit or loss account and is allocated to the assets of the cash-generating unit in the following order: first, to goodwill; second, to intangible assets with indefinite useful lives or other intangible assets not available for sale; and third, to other assets.

Other long-term assets are tested for impairment when there are indications that the carrying amount of the asset may not be recoverable. The carrying amount of the asset is compared with the recoverable amount, which is the maximum amount of cash or cash equivalents that can be derived from the asset, less any costs of disposal. If the carrying amount of the asset exceeds the recoverable amount, the carrying amount is reduced to the recoverable amount. The impairment loss is recognized in the profit or loss account.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant Accounting Policies and Accounting Estimates

3.19 Long-term deferred expenses

Long-term deferred expenses are those expenses that are incurred in the current period but whose benefits will be realized in the future. These expenses are recognized as long-term deferred expenses and amortized over the period of their benefits.

3.20 Contract liabilities

Contract liabilities represent the company's obligations to transfer goods or services to customers under contracts. These liabilities are recognized when the company receives payment from customers before it has performed the related services. Contract liabilities are measured at the amount of consideration received from customers, net of discounts and other adjustments.

3.21 Employee benefits

3.21.1 Short-term employee benefits

Short-term employee benefits are those benefits that are expected to be paid to employees within 12 months after the reporting period. These benefits include wages, salaries, bonuses, and other short-term benefits. Short-term employee benefits are recognized as an expense when the employees render services to the company.

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid to employees. The company recognizes short-term employee benefits as an expense when the employees render services to the company.

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid to employees. The company recognizes short-term employee benefits as an expense when the employees render services to the company.

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid to employees. The company recognizes short-term employee benefits as an expense when the employees render services to the company.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies

3.21 Employee benefits

3.21.2 A Short-term employee benefits

(1) Short-term employee benefits

	2025	2024
Trade receivables	1,234,567	987,654
Due from related parties	567,890	432,109
Prepaid expenses	123,456	87,654
Other receivables	345,678	210,987
Due to related parties	(789,012)	(654,321)
Due to other parties	(210,987)	(123,456)
Trade payables	876,543	765,432
Due to related parties	432,109	321,098
Due to other parties	444,434	444,334
Other payables	210,987	123,456
Other liabilities	123,456	87,654
Other assets	87,654	54,321
Other liabilities	(54,321)	(21,098)
Other assets	21,098	12,345
Other liabilities	(12,345)	(8,765)
Other assets	8,765	5,432
Other liabilities	(5,432)	(3,210)
Other assets	3,210	2,109
Other liabilities	(2,109)	(1,234)
Other assets	1,234	876
Other liabilities	(876)	(543)
Other assets	543	321
Other liabilities	(321)	(210)
Other assets	210	123
Other liabilities	(123)	(87)
Other assets	87	54
Other liabilities	(54)	(32)
Other assets	32	21
Other liabilities	(21)	(12)
Other assets	12	8
Other liabilities	(8)	(5)
Other assets	5	3
Other liabilities	(3)	(2)
Other assets	2	1
Other liabilities	(1)	(0)

(2) Short-term employee benefits

	2025	2024
Trade receivables	1,234,567	987,654
Due from related parties	567,890	432,109
Prepaid expenses	123,456	87,654
Other receivables	345,678	210,987
Due to related parties	(789,012)	(654,321)
Due to other parties	(210,987)	(123,456)
Trade payables	876,543	765,432
Due to related parties	432,109	321,098
Due to other parties	444,434	444,334
Other payables	210,987	123,456
Other liabilities	123,456	87,654
Other assets	87,654	54,321
Other liabilities	(54,321)	(21,098)
Other assets	21,098	12,345
Other liabilities	(12,345)	(8,765)
Other assets	8,765	5,432
Other liabilities	(5,432)	(3,210)
Other assets	3,210	2,109
Other liabilities	(2,109)	(1,234)
Other assets	1,234	876
Other liabilities	(876)	(543)
Other assets	543	321
Other liabilities	(321)	(210)
Other assets	210	123
Other liabilities	(123)	(87)
Other assets	87	54
Other liabilities	(54)	(32)
Other assets	32	21
Other liabilities	(21)	(12)
Other assets	12	8
Other liabilities	(8)	(5)
Other assets	5	3
Other liabilities	(3)	(2)
Other assets	2	1
Other liabilities	(1)	(0)

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant accounting policies and accounting estimates

3.21 Employee benefits

3.21.2 A Short-term employee benefits

(2) Defined contribution plans

The Company participates in defined contribution plans established by the government. The Company's only obligation is to contribute a fixed amount to the plan each month. The amount of the contribution is determined by the Company's salary policy and the relevant government regulations. The Company has no further obligations for the defined contribution plans.

Welfare benefits are provided to employees in accordance with the relevant government regulations. The Company's only obligation is to contribute a fixed amount to the welfare fund each month. The amount of the contribution is determined by the Company's salary policy and the relevant government regulations. The Company has no further obligations for the welfare benefits.

3.21.3 A Short-term employee benefits

Tuition fees for employees' children are provided to employees in accordance with the relevant government regulations. The Company's only obligation is to contribute a fixed amount to the tuition fund each month. The amount of the contribution is determined by the Company's salary policy and the relevant government regulations. The Company has no further obligations for the tuition fees.

3.22 Provisions

Warranty provisions are provided to employees in accordance with the relevant government regulations. The Company's only obligation is to contribute a fixed amount to the warranty fund each month. The amount of the contribution is determined by the Company's salary policy and the relevant government regulations. The Company has no further obligations for the warranty provisions.

(1) Tuition fees for employees' children

(2) Insurance for employees' children

(3) Tuition fees for employees' children

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant Accounting Policies and Accounting Estimates

3.22 Provisions

Item	2025	2024
Reserve for doubtful accounts	1,191,000.00	1,191,000.00
Reserve for impairment of financial assets	1,191,000.00	1,191,000.00
Reserve for litigation	1,191,000.00	1,191,000.00
Reserve for employee compensation	1,191,000.00	1,191,000.00
Reserve for other contingencies	1,191,000.00	1,191,000.00
Total	5,755,000.00	5,755,000.00

3.23 Share-based payments

Item	2025	2024
Share-based payments	1,191,000.00	1,191,000.00
Total	1,191,000.00	1,191,000.00

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

3 Share-based payments

3.23 Share-based payments

3.23.1 Employee share-based payments

	2025	2024
At the beginning of the year	1,000,000	1,000,000
Granted during the year	1,000,000	1,000,000
Expired during the year	(1,000,000)	(1,000,000)
At the end of the year	1,000,000	1,000,000

	2025	2024
At the beginning of the year	1,000,000	1,000,000
Granted during the year	1,000,000	1,000,000
Expired during the year	(1,000,000)	(1,000,000)
At the end of the year	1,000,000	1,000,000

3.23.2 Customer share-based payments

	2025	2024
At the beginning of the year	1,000,000	1,000,000
Granted during the year	1,000,000	1,000,000
Expired during the year	(1,000,000)	(1,000,000)
At the end of the year	1,000,000	1,000,000

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Share-based payments

3.23 Share-based payments

3.23.2 Cost of share-based payments

Item	2025	2024
Cost of share-based payments	1,234,567	987,654
Cost of share-based payments for employees	1,100,000	850,000
Cost of share-based payments for directors and supervisors	134,567	137,654

3.24 Revenue

3.24.1 Revenue

Item	2025	2024
Revenue from operations	12,345,678	11,234,567
Revenue from operations - medical services	10,000,000	9,000,000
Revenue from operations - pharmaceutical services	2,345,678	2,234,567
Revenue from operations - other services	0	0
Revenue from other sources	2,345,678	2,000,000
Revenue from other sources - government grants	2,345,678	2,000,000

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are in RMB unless otherwise specified)

3 Significant Accounting Policies

3.24 Revenue

3.24.1 Revenue Recognition

The Company recognizes revenue from the sale of medical services, including hospitalization, outpatient services, and medical examinations, when the service is performed and the amount is measurable. Revenue is recognized net of discounts and allowances. For the sale of pharmaceuticals and medical devices, revenue is recognized when the goods are delivered to the customer and the amount is measurable. For the sale of medical equipment, revenue is recognized when the equipment is delivered, installed, and accepted by the customer. For the sale of medical services, revenue is recognized when the service is performed and the amount is measurable. For the sale of medical services, revenue is recognized when the service is performed and the amount is measurable.

Medical services revenue is recognized when the service is performed and the amount is measurable. For the sale of pharmaceuticals and medical devices, revenue is recognized when the goods are delivered to the customer and the amount is measurable. For the sale of medical equipment, revenue is recognized when the equipment is delivered, installed, and accepted by the customer.

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Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are in RMB unless otherwise specified)

3 Significant Accounting Policies and Accounting Estimates

3.24 Revenue (in million RMB)

3.24.1 Accounting Policy (in million RMB)

-	T - C	Revenue from the sale of medical services	1,234,567
-	T - C	Revenue from the sale of pharmaceuticals	876,543
-	T - C	Revenue from the sale of medical equipment	543,210
-	T - E	Revenue from government grants	210,987
-	T - E	Revenue from interest	12,345
-	T - C	Revenue from other sources	98,765
	T - C	Total	2,966,412

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant Accounting Policies

3.24 Revenue

3.24.2 Significant Accounting Policies

- (1) Revenue is recognized when the performance obligation is satisfied, which is when the control of the goods or services is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and allowances. Revenue is recognized net of the amount of sales tax payable.
- (2) Revenue from the sale of goods is recognized when the goods are delivered to the customer and the customer has accepted the goods. Revenue from the sale of services is recognized when the services are provided to the customer.
- (3) Revenue from the sale of real estate is recognized when the real estate is transferred to the customer and the customer has accepted the real estate.
- (4) Revenue from the sale of financial assets is recognized when the financial assets are transferred to the customer and the customer has accepted the financial assets.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant Accounting Policies and Accounting Estimates

3.25 Government grants

3.25.1 Transfer

Government grants are recognized when the entity can reasonably be assured that the grant will be received and the entity will comply with the conditions attached to the grant. Government grants are recognized in the profit or loss on a systematic basis over the period in which the entity recognizes the related costs that the grants are intended to compensate.

Government grants related to the purchase or construction of long-term assets are recognized as deferred income and amortized over the useful life of the related asset. Government grants related to the compensation of expenses or losses are recognized in the profit or loss when the expenses or losses are incurred.

3.25.2 Return

Government grants are recognized when the entity can reasonably be assured that the grant will be received and the entity will comply with the conditions attached to the grant. Government grants are recognized in the profit or loss on a systematic basis over the period in which the entity recognizes the related costs that the grants are intended to compensate.

3.25.3 Assets

Government grants related to the purchase or construction of long-term assets are recognized as deferred income and amortized over the useful life of the related asset. Government grants related to the compensation of expenses or losses are recognized in the profit or loss when the expenses or losses are incurred. Government grants related to the compensation of expenses or losses are recognized in the profit or loss when the expenses or losses are incurred.

Government grants related to the purchase or construction of long-term assets are recognized as deferred income and amortized over the useful life of the related asset. Government grants related to the compensation of expenses or losses are recognized in the profit or loss when the expenses or losses are incurred. Government grants related to the compensation of expenses or losses are recognized in the profit or loss when the expenses or losses are incurred.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies

3.25 Government grants

3.25.3 Accounting policy

The Company recognizes government grants when the grants are available to the Company, the Company can be reasonably certain that the grants will be received, and the Company can comply with the conditions attached to the grants.

(1) Intangible assets: Government grants related to intangible assets are recognized as income over the useful life of the intangible assets. The Company uses the straight-line method to amortize intangible assets.

(2) Tangible assets: Government grants related to tangible assets are recognized as income over the useful life of the tangible assets. The Company uses the straight-line method to depreciate tangible assets.

3.26 Deferred tax assets and deferred tax liabilities

The Company recognizes deferred tax assets and deferred tax liabilities based on the temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax bases. The Company uses the liability method to measure deferred tax assets and deferred tax liabilities.

Deferred tax assets are recognized to the extent that it is probable that there will be sufficient taxable income available to utilize the deferred tax assets.

Deferred tax liabilities are recognized for all taxable temporary differences, except for those that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither the accounting profit nor the taxable profit.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant accounting policies and accounting estimates

3.26 Deferred tax assets and deferred tax liabilities (in million RMB)

	2025	2024
Significant accounting policies and accounting estimates		
- Income tax assets	1,000.00	1,000.00
- Net deferred tax liabilities	(1,000.00)	(1,000.00)
For the year ended December 31, 2025		
- Income tax assets	1,000.00	1,000.00
- Net deferred tax liabilities	(1,000.00)	(1,000.00)
For the year ended December 31, 2024		
- Income tax assets	1,000.00	1,000.00
- Net deferred tax liabilities	(1,000.00)	(1,000.00)
For the year ended December 31, 2023		
- Income tax assets	1,000.00	1,000.00
- Net deferred tax liabilities	(1,000.00)	(1,000.00)
For the year ended December 31, 2022		
- Income tax assets	1,000.00	1,000.00
- Net deferred tax liabilities	(1,000.00)	(1,000.00)
For the year ended December 31, 2021		
- Income tax assets	1,000.00	1,000.00
- Net deferred tax liabilities	(1,000.00)	(1,000.00)
For the year ended December 31, 2020		
- Income tax assets	1,000.00	1,000.00
- Net deferred tax liabilities	(1,000.00)	(1,000.00)

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are in RMB unless otherwise specified)

3 Significant accounting policies

3.26 Deferred tax assets and deferred tax liabilities

Our deferred tax assets and liabilities are calculated based on the temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax bases. Deferred tax assets are recognized for all deductible temporary differences, except where it is not probable that sufficient taxable income will be available to utilize the benefits of the deductible temporary differences. Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability is not recognized because it is not probable that sufficient taxable income will be available to utilize the benefits of the taxable temporary differences.

3.27 Leases

At the commencement of the lease term, the lessee shall determine whether the lease is a finance lease or an operating lease. A lease is classified as a finance lease if it meets any of the following criteria: (1) the lease term is for a major part of the economic life of the asset; (2) the lessee has an option to purchase the asset at a price that is sufficiently lower than the fair value at the end of the lease term; (3) the present value of the lease payments amounts to substantially all of the fair value of the asset at the commencement of the lease term; (4) the asset is of a specialized nature, such that only the lessee can benefit from its use; (5) the lessee has the right to cancel the lease and the lease term covers a major part of the economic life of the asset. If a lease is classified as a finance lease, the lessee shall recognize the leased asset as a right-of-use asset and a lease liability at the commencement of the lease term. The right-of-use asset shall be measured at cost, which is the present value of the lease payments, plus any initial direct costs incurred by the lessee. The lease liability shall be measured at the present value of the lease payments, which are determined by discounting the lease payments by the lessee's incremental borrowing rate. The lessee shall recognize depreciation of the right-of-use asset and interest expense on the lease liability over the lease term. If a lease is classified as an operating lease, the lessee shall recognize the leased asset as a right-of-use asset and a lease liability at the commencement of the lease term. The right-of-use asset shall be measured at cost, which is the present value of the lease payments, plus any initial direct costs incurred by the lessee. The lease liability shall be measured at the present value of the lease payments, which are determined by discounting the lease payments by the lessee's incremental borrowing rate. The lessee shall recognize depreciation of the right-of-use asset and interest expense on the lease liability over the lease term.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

3 Significant Accounting Policies and Accounting Estimates

3.27 Leases

3.27.1 Total Cost

(1) Right-of-use assets

On 31 December 2025, the Company's right-of-use assets are primarily composed of land use rights, buildings, and equipment. The right-of-use assets are measured at cost less accumulated depreciation and impairment losses.

Total

The right-of-use assets are measured at cost less accumulated depreciation and impairment losses. The depreciation is calculated on a straight-line basis over the expected useful life of the assets.

Land use rights are measured at cost less accumulated depreciation and impairment losses. The depreciation is calculated on a straight-line basis over the expected useful life of the land use rights.

Buildings are measured at cost less accumulated depreciation and impairment losses. The depreciation is calculated on a straight-line basis over the expected useful life of the buildings.

Equipment is measured at cost less accumulated depreciation and impairment losses. The depreciation is calculated on a straight-line basis over the expected useful life of the equipment.

The right-of-use assets are measured at cost less accumulated depreciation and impairment losses. The depreciation is calculated on a straight-line basis over the expected useful life of the assets.

Total

The right-of-use assets are measured at cost less accumulated depreciation and impairment losses. The depreciation is calculated on a straight-line basis over the expected useful life of the assets.

Total

The right-of-use assets are measured at cost less accumulated depreciation and impairment losses. The depreciation is calculated on a straight-line basis over the expected useful life of the assets. N/A 3.18

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

3 Significant Accounting Policies and Accounting Estimates

3.27 Leases

3.27.1 Total Cost of Leases

(2) Leases

- Operating leases:
 - For the year ended 31 December 2025, the Company has entered into operating leases with a term of 12 months or less, which are classified as short-term leases. The Company does not recognize right-of-use assets and liabilities for these leases. The total cost of these leases is RMB 1,234,567.
 - For the year ended 31 December 2024, the total cost of these leases is RMB 1,123,456.
- Variable lease payments: RMB 123,456.
- Assets held for sale: RMB 123,456.
- Easement: RMB 123,456.
- Property, plant and equipment: RMB 123,456.
- Total cost of leases: RMB 1,357,023.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

3 Significant accounting policies and accounting estimates (continued)

3.27 Leases (continued)

3.27.1

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are in RMB unless otherwise specified)

3 Significant Accounting Policies

3.27 Leases

3.27.1 Term Leases

(4) Leases

When the Company enters into a lease agreement, it determines whether the lease is a finance lease or an operating lease. If the lease is a finance lease, the Company recognizes the leased asset and the corresponding liability at the commencement date of the lease. If the lease is an operating lease, the Company recognizes the lease liability and the corresponding expense over the term of the lease.

The Company uses the straight-line method to recognize the lease expense over the term of the lease. The lease liability is measured at the present value of the lease payments, discounted using the Company's incremental borrowing rate.

The Company recognizes the lease liability as a non-current liability on the balance sheet. The lease expense is recognized as an operating expense on the profit and loss statement.

The Company's lease agreements typically include an option to purchase the leased asset at the end of the lease term. The Company evaluates whether this option is exercisable and, if so, recognizes the leased asset and the corresponding liability at the commencement date of the lease.

The Company's lease agreements typically include a provision for the lessee to purchase the leased asset at the end of the lease term. The Company evaluates whether this provision is exercisable and, if so, recognizes the leased asset and the corresponding liability at the commencement date of the lease.

The Company's lease agreements typically include a provision for the lessee to purchase the leased asset at the end of the lease term. The Company evaluates whether this provision is exercisable and, if so, recognizes the leased asset and the corresponding liability at the commencement date of the lease.

The Company's lease agreements typically include a provision for the lessee to purchase the leased asset at the end of the lease term. The Company evaluates whether this provision is exercisable and, if so, recognizes the leased asset and the corresponding liability at the commencement date of the lease.

3.27.2 Finance Leases

The Company recognizes the leased asset and the corresponding liability at the commencement date of the lease. The leased asset is measured at the present value of the lease payments, discounted using the Company's incremental borrowing rate.

The Company recognizes the lease liability as a non-current liability on the balance sheet. The lease expense is recognized as an operating expense on the profit and loss statement.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

3 Significant Accounting Policies and Accounting Estimates

3.27 Leases

3.27.2 Total Cost of Leases

(1) Assets under Leases

Leases are classified as finance leases whenever the terms of the lease agreement provide that substantially all the risks and rewards of ownership are transferred to the lessee. A lease is classified as an operating lease if it is not a finance lease. At the commencement date of a lease, the lessee recognizes a right-of-use asset and a lease liability, except for short-term leases and leases of low-value assets. The right-of-use asset is measured at cost, which is determined by the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received, and adjusted for any initial direct costs incurred by the lessee. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate, amounts expected to be paid by the lessee under a residual value guarantee, payments for executory costs, and payments related to leased assets that are not accounted for as separate contracts. Lease payments that vary based on usage or other factors that are not an index or a rate are recognized as an expense when incurred. The right-of-use asset is depreciated over the shorter of the lease term and its useful life on a straight-line basis. Short-term leases and leases of low-value assets are recognized as a lease expense on a straight-line basis over the lease term.

(2) Assets under Finance Leases

At the commencement date of a lease, the lessee recognizes a right-of-use asset and a lease liability, except for short-term leases and leases of low-value assets. The right-of-use asset is measured at cost, which is determined by the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received, and adjusted for any initial direct costs incurred by the lessee. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate, amounts expected to be paid by the lessee under a residual value guarantee, payments for executory costs, and payments related to leased assets that are not accounted for as separate contracts. Lease payments that vary based on usage or other factors that are not an index or a rate are recognized as an expense when incurred. The right-of-use asset is depreciated over the shorter of the lease term and its useful life on a straight-line basis. Short-term leases and leases of low-value assets are recognized as a lease expense on a straight-line basis over the lease term.

The right-of-use asset is measured at cost, which is determined by the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received, and adjusted for any initial direct costs incurred by the lessee. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate, amounts expected to be paid by the lessee under a residual value guarantee, payments for executory costs, and payments related to leased assets that are not accounted for as separate contracts. Lease payments that vary based on usage or other factors that are not an index or a rate are recognized as an expense when incurred. The right-of-use asset is depreciated over the shorter of the lease term and its useful life on a straight-line basis. Short-term leases and leases of low-value assets are recognized as a lease expense on a straight-line basis over the lease term.

The right-of-use asset is measured at cost, which is determined by the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received, and adjusted for any initial direct costs incurred by the lessee. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate, amounts expected to be paid by the lessee under a residual value guarantee, payments for executory costs, and payments related to leased assets that are not accounted for as separate contracts. Lease payments that vary based on usage or other factors that are not an index or a rate are recognized as an expense when incurred. The right-of-use asset is depreciated over the shorter of the lease term and its useful life on a straight-line basis. Short-term leases and leases of low-value assets are recognized as a lease expense on a straight-line basis over the lease term.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant Accounting Policies and Accounting Estimates

3.27 Leases

3.27.2 Treatment of Leases

(2) Assets Held for Sale

Intangible assets are classified as assets held for sale when the company has decided to dispose of them, and the disposal is expected to be completed within one year from the reporting date.

Intangible assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Intangible assets held for sale are not amortized, and their carrying amount is adjusted to fair value less costs to sell.

Intangible assets held for sale are classified as current assets in the balance sheet.

Intangible assets held for sale are classified as current assets in the balance sheet. The carrying amount of intangible assets held for sale is adjusted to fair value less costs to sell.

Intangible assets held for sale are classified as current assets in the balance sheet. The carrying amount of intangible assets held for sale is adjusted to fair value less costs to sell. Refer to Note 3.10 for details.

3.27.3 Software

Software is classified as intangible assets. The carrying amount of software is adjusted to fair value less costs to sell. Refer to Note 3.24 for details.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant Accounting Policies and Accounting Estimates

3.27 Leases

3.27.3 Significant Accounting Policies

(1) Assets

Assets are measured at cost less accumulated depreciation and impairment losses. The cost of an asset is the purchase price plus any related taxes, transportation, installation and other costs incurred to bring the asset to the location and condition necessary for it to be available for use. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

Assets are measured at cost less accumulated depreciation and impairment losses. The cost of an asset is the purchase price plus any related taxes, transportation, installation and other costs incurred to bring the asset to the location and condition necessary for it to be available for use. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. **Notes 27 Leases-3.27.1**

Assets are measured at cost less accumulated depreciation and impairment losses. The cost of an asset is the purchase price plus any related taxes, transportation, installation and other costs incurred to bring the asset to the location and condition necessary for it to be available for use. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. **Notes 3.10**

(2) Assets

Assets are measured at cost less accumulated depreciation and impairment losses. The cost of an asset is the purchase price plus any related taxes, transportation, installation and other costs incurred to bring the asset to the location and condition necessary for it to be available for use. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. **Notes 3.10**

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant Accounting Policies and Accounting Estimates

3.28 Repurchase of the Company's shares.

The Company's share repurchase is carried out in accordance with Article 5.37 of the Company's Articles of Association.

3.29 Method and basis for determining materiality standards

Item	Significance standards
Significant transactions	10% RMB1
Revenue	10% RMB1
Assets	10% RMB1
Significant items	10% RMB1
Significant items	5% RMB5
Significant items	5% RMB15
Significant items	10% RMB20
Significant items	5% RMB20
Significant items	10% RMB20
Significant items	5% RMB20
Significant items	10% RMB20

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

3 Significant Accounting Policies and Accounting Estimates

3.30 Key accounting estimates and judgments

The Company's financial statements are prepared using accounting estimates and judgments. The Company's management has made the following key accounting estimates and judgments:

1. **Employee benefits**
The Company estimates the amount of employee benefits based on the expected future cash outflows. The Company uses actuarial assumptions to estimate the amount of employee benefits, including the discount rate, mortality rates, and other factors. The Company's management has made the following key accounting estimates and judgments:

2. **Employee benefits**
The Company estimates the amount of employee benefits based on the expected future cash outflows. The Company uses actuarial assumptions to estimate the amount of employee benefits, including the discount rate, mortality rates, and other factors. The Company's management has made the following key accounting estimates and judgments:

3. **Employee benefits**
The Company estimates the amount of employee benefits based on the expected future cash outflows. The Company uses actuarial assumptions to estimate the amount of employee benefits, including the discount rate, mortality rates, and other factors. The Company's management has made the following key accounting estimates and judgments:

4. **Employee benefits**
The Company estimates the amount of employee benefits based on the expected future cash outflows. The Company uses actuarial assumptions to estimate the amount of employee benefits, including the discount rate, mortality rates, and other factors. The Company's management has made the following key accounting estimates and judgments:

5. **Employee benefits**
The Company estimates the amount of employee benefits based on the expected future cash outflows. The Company uses actuarial assumptions to estimate the amount of employee benefits, including the discount rate, mortality rates, and other factors. The Company's management has made the following key accounting estimates and judgments:

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

3 Significant Accounting Policies and Accounting Estimates

3.31 Changes in significant accounting policies and accounting estimates

3.31.1 Changes in accounting policies

On 8 July 2025, the Management Finance Department has published Q&A regarding the implementation of the new income tax law. The new income tax law will be effective from 1 January 2026. The Company has assessed the impact of the new income tax law on its financial statements for the year ended 31 December 2025. The Company has concluded that the new income tax law will not have a material impact on its financial statements for the year ended 31 December 2025. Therefore, the Company has not adjusted its financial statements for the year ended 31 December 2025 to reflect the new income tax law.

According to the new income tax law, the Company's income tax expense for the year ended 31 December 2025 will be calculated based on the new income tax law. The Company has assessed the impact of the new income tax law on its financial statements for the year ended 31 December 2025. The Company has concluded that the new income tax law will not have a material impact on its financial statements for the year ended 31 December 2025. Therefore, the Company has not adjusted its financial statements for the year ended 31 December 2025 to reflect the new income tax law.

The Company has assessed the impact of the new income tax law on its financial statements for the year ended 31 December 2025. The Company has concluded that the new income tax law will not have a material impact on its financial statements for the year ended 31 December 2025. Therefore, the Company has not adjusted its financial statements for the year ended 31 December 2025 to reflect the new income tax law.

3.31.2 Changes in accounting estimates

The Company has assessed the impact of the new income tax law on its financial statements for the year ended 31 December 2025. The Company has concluded that the new income tax law will not have a material impact on its financial statements for the year ended 31 December 2025. Therefore, the Company has not adjusted its financial statements for the year ended 31 December 2025 to reflect the new income tax law.

Notes to the Financial Statements

For the Year Ended 31 December 2025
(All figures are in RMB unless otherwise specified)

4 Tax

4.1 Main tax types and rates

Tax types	Tax basis	Tax rate
Value-added tax	Taxable turnover	3%, 6%, 13%
Urban maintenance and education surcharge	Value-added tax	7%
Enterprise Income Tax	Enterprise Income	5%
Dividend Income Tax	Dividend Income	15%, 20%, 25%
Name of taxpayer		Income tax rate
Wenzhou Kangning Hospital Co., Ltd.		15%
Wenzhou Kangning Hospital Co., Ltd. Subsidiary		15%
Wenzhou Kangning Hospital Co., Ltd. Subsidiary		20%
Wenzhou Kangning Hospital Co., Ltd. Subsidiary		20%
Wenzhou Kangning Hospital Co., Ltd. Subsidiary		20%
Wenzhou Kangning Hospital Co., Ltd. Subsidiary		20%

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.1 Cash at bank and on hand

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Cash	231,487.96	192,804.35
Bank deposits	287,835,608.12	255,642,342.05
Other	5,972,764.80	5,913,864.22
TOTAL	294,039,860.88	261,749,010.62

Other:

As at 31 December 2025, the carrying amount of cash and bank deposits is RMB6,365,109.43, which is denominated in Renminbi (RMB) and is subject to exchange rate fluctuations.

5.2 Financial assets held for trading

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
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Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes receivable

5.3 Notes receivable

5.3.1 Balance as at 31 December 2025 and 31 December 2024

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Balance as at 31 December 2025	1,486,564.55	663,798.83
Total	1,486,564.55	663,798.83

5.3.2 Details of notes receivable as at 31 December 2025 and 31 December 2024

Category	Balance as at 31 December 2025				Book value	Balance as at 31 December 2024				
	Book balance	Provision for bad debts	Proportion of provision	Book value		Book balance	Provision for bad debts	Proportion of provision	Book value	
	Amount	(%)	Amount	(%)		Amount	(%)	Amount	(%)	Amount
Balance as at 31 December 2025	1,486,564.55	100.00			1,486,564.55	663,798.83	100.00			663,798.83
Balance as at 31 December 2024	1,486,564.55	100.00			1,486,564.55	663,798.83	100.00			663,798.83
Total	1,486,564.55	100.00			1,486,564.55	663,798.83	100.00			663,798.83

5.3.3 Amount derecognised as at 31 December 2025 and 31 December 2024

Item	Amount derecognised as at 31 December 2025	Amount derecognised as at 31 December 2024
Amount derecognised as at 31 December 2025		429,217.10
Total		429,217.10

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.4 Accounts receivable

5.4.1 Accounts receivable

Aging	Balance as at	
	31 December 2025	31 December 2024
Within 1 year (1 year)	461,352,554.54	576,106,513.42
1-2 years		

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.4 Accounts receivable

5.4.2 Details of accounts receivable

Accounts receivable are classified into the following categories:

Name	Balance as at 31 December 2025				Balance as at 31 December 2024	
	Book balance	Provision for bad debts	Proportion of provision (%)	Provision basis	Book balance	Provision for bad debts
Provision for bad debts is made based on expected credit losses for the entire duration	15,171,843.80	15,171,843.80	100.00	Provision for bad debts is made based on expected credit losses for the entire duration	12,375,105.95	12,337,791.47
T	15,171,843.80	15,171,843.80			12,375,105.95	12,337,791.47

Notes: The provision for bad debts is calculated based on the expected credit losses for the entire duration of the accounts receivable. The provision ratio is 3.10%.

Reconciliation of the provision for bad debts:

Provision for bad debts:

Name	Balance as at 31 December 2025		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Detailed description	487,982,899.16	25,043,329.34	5.13
T	487,982,899.16	25,043,329.34	/

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements

5.4 Accounts receivable

5.4.3 Balance sheet information as at 31 December 2025

Category	Balance as at 31 December 2024		Balance as at 31 December 2025		Balance as at 31 December 2025
	RMB	RMB	RMB	RMB	
Accounts receivable	12,337,791.47	10,881,530.33	8,047,478.00		15,171,843.80
Other receivables	21,394,822.78	3,604,119.27		44,387.29	25,043,329.34
T	33,732,614.25	14,485,649.60	8,047,478.00	44,387.29	40,215,173.14

5.4.4 Accounts receivable written off during 2025

Accounts receivable written off during 2025					
RMB					
8,047,478.00					
Name of unit	Nature of accounts receivable	Amount written off	Reason for write-off	Write-off procedures performed	Whether it is due to related party transactions
P	P	8,047,478.00	A	M	N
T	/	8,047,478.00	/	/	/

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.5 Advances to suppliers

Balance as at 31 December 2025

Aging	Balance as at 31 December 2025		Balance as at 31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	15,788,868.62	99.98	14,660,777.90	99.64
1-2 years				

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.6 Other receivables (in million RMB)

5.6.2 Other receivables

(1) Details of other receivables

Aging	Balance as at 31 December 2025	Balance as at 31 December 2024
Within 1 year (including 1 year)	4,457,721.23	25,849,875.86
1 - 2 years	22,576,274.23	49,150,437.26
2 - 3 years	45,220,543.09	12,039,651.89
3 - 4 years	3,648,182.82	8,603,521.35
4 - 5 years	8,293,985.49	4,769,598.96
More than 5 years	9,073,199.23	4,306,969.79
Subtotal	93,269,906.09	104,720,055.11
Less: Expected credit loss	16,266,750.01	24,152,613.52
Total	77,003,156.08	80,567,441.59

The Company has assessed the expected credit loss of other receivables based on the historical loss experience and current economic conditions. The expected credit loss is calculated using the simplified approach of the expected credit loss model.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements

5.6 Other receivables (in million RMB)

5.6.2 Other receivables (in million RMB)

(2) Details of other receivables are as follows:

Category	Balance as at 31 December 2025				Balance as at 31 December 2024				
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Proportion (%)	Book value	Proportion (%)	
Receivables from related parties	14,273,961.68	15.30	14,273,961.68	100.00	21,694,758.77	20.72	21,694,758.77	100.00	
Others:									
Hubei Xinyi Hospital Co., Ltd.					8,000,000.00	7.64	8,000,000.00	100.00	
Qinghai Xinyi Hospital Co., Ltd.									
Rongcheng Hospital Co., Ltd.	579,202.91	0.62	579,202.91	100.00					
Shanghai Xinyi Hospital Co., Ltd.									
Peking University Shenzhen Hospital Co., Ltd.	10,204,311.69	10.94	10,204,311.69	100.00	10,204,311.69	9.74	10,204,311.69	100.00	
Wenzhou Kangning Hospital Co., Ltd.	3,490,447.08	3.74	3,490,447.08	100.00	3,490,447.08	3.33	3,490,447.08	100.00	
Receivables from non-related parties									
Others	78,995,944.41	84.70	1,992,788.33	2.52	77,003,156.08	83,025,296.34	79.28	2,457,854.75	2.96
Others	78,995,944.41	84.70	1,992,788.33	2.52	77,003,156.08	83,025,296.34	79.28	2,457,854.75	2.96
T	93,269,906.09	100.00	16,266,750.01	/	77,003,156.08	104,720,055.11	100.00	24,152,613.52	/

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements

5.6 Other receivables (in million RMB)

5.6.2 Other receivables (in million RMB)

(2) Details of other receivables as at 31 December 2025 (in million RMB)

Other receivables are primarily due from the following parties:

Name	Balance as at 31 December 2025				Balance as at 31 December 2024	
	Book balance	Provision for bad debts	Proportion of provision (%)	Provision basis	Book balance	Book balance
Hangzhou Kangning Hospital Co., Ltd.					8,000,000.00	8,000,000.00
Suzhou Hangzhou Kangning Hospital 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
Wenzhou Kangning Hospital Co., Ltd.	3,490,447.08	3,490,447.08	100.00	Expected to be difficult to recover	3,490,447.08	3,490,447.08
T	13,694,758.77	13,694,758.77	/ /		21,694,758.77	21,694,758.77

Notes: The above receivables are primarily due from related parties. The aging of other receivables as at 31 December 2025 is as follows:

Receivables are primarily due from the following parties:

Particulars:

Name	Balance as at 31 December 2025		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Hangzhou Kangning Hospital Co., Ltd.	78,995,944.41	1,992,788.33	2.52
T	78,995,944.41	1,992,788.33	/

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements

5.6 Other receivables (in million RMB)

5.6.2 Other receivables (in million RMB)

(3) Breakdown of other receivables

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit losses for the next 12 months	Lifetime expected credit losses (No credit impairment)	Lifetime expected credit loss (Credit impairment)	
Balance at 31 December 2024	2,457,854.75		21,694,758.77	24,152,613.52
For the Year Ended 31 December 2025				
- Transferred to Stage II				
- Transferred to Stage III				
- Reversed to Stage II				
- Reversed to Stage I				
Balance at 31 December 2025			579,202.91	579,202.91
Reversal of provision for bad debts	479,979.23		8,000,000.00	8,479,979.23
Write-off				
Change in provision for bad debts	2,000.00			2,000.00
Other receivables	-16,912.81			-16,912.81
Balance at 31 December 2025	1,992,788.33		14,273,961.68	16,266,750.01

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements

5.6 Other receivables (in million RMB)

5.6.2 Other receivables (in million RMB)

(3) Receivables from related parties (in million RMB)

Set out below are the details of the receivables from related parties as at 31 December 2025:

In March 2025, the Group entered into a 65% share purchase agreement with Housheng Hospital Co., Ltd. to acquire 65% of the equity interest of Housheng Hospital Co., Ltd. in RMB80 million.

(4) Receivables from related parties (in million RMB) 2025

Category	Balance as at 31 December 2024	Receivables from related parties 2025			Balance as at 31 December 2025
	RMB million	RMB million	RMB million	RMB million	RMB million
Receivables from related parties	21,694,758.77	579,202.91	8,000,000.00		14,273,961.68
Receivables from related parties	2,457,854.75		479,979.23	2,000.00	1,992,788.33
T	24,152,613.52	579,202.91	8,479,979.23	2,000.00	16,266,750.01

(5) Other receivables (in million RMB) 2025

Other receivables	2,000.00
O	2,000.00

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements

5.6 Other receivables (in million RMB)

5.6.2 Other receivables (in million RMB)

(6) Classification of other receivables

Nature of payment	Book balance	B	B
	as at	31 D.	31 D.
	31 December 2025	31 December 2025	31 December 2024
Interest receivable	18,920,171.46		19,433,847.49
Health insurance receivable	34,457,000.00		38,067,000.00
Business receivable	4,623,062.39		3,878,281.89
Advance receivable	2,222,809.83		256,914.93
Receivable from related parties	32,452,361.95		39,121,016.95
Others	594,500.46		3,962,993.85
T	93,269,906.09		104,720,055.11

5.7 Inventories

Category	Balance as at 31 December 2025		Balance as at 31 December 2024	
	Book balance	Provision for inventory write-downs/Provision for impairment of contract performance costs	Book value	Book value
Trade receivables	567,310.08		567,310.08	657,701.74
Supplies	45,089,109.86		45,089,109.86	48,151,521.38
Goods	376,123.14		376,123.14	1,819,908.26
T	46,032,543.08		46,032,543.08	50,629,131.38

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements (continued)

5.8 Other current assets

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Inventory	23,120,442.10	3,761,468.41
Prepaid expenses	12,210.28	
Receivables	2,248,043.70	2,097,885.50
T	25,380,696.08	5,859,353.91

5.9 Long-term receivables

Item	Balance as at 31 December 2025			Balance as at 31 December 2024	
	Book balance	Provision for bad debts	Book value	Book balance	Book value
Receivables				14,000,000.00	14,000,000.00
Staff				14,000,000.00	14,000,000.00
T				14,000,000.00	14,000,000.00

Other information:

In 2025, the Company has received a court judgment (Case No. C[redacted] No. [redacted]) regarding the long-term receivables. The judgment is still under appeal.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements (continued)

5.10 Long-term equity investments

5.10.1 Details of long-term equity investments

Investee	Balance at 31 December 2024		Additions		Disposals		Balance at 31 December 2025		Balance of impairment provision as at 31 December 2025
	Book value	Impairment provision	Book value	Impairment provision	Book value	Impairment provision	Book value	Impairment provision	
Hubei Xiangyang Medical and Pharmaceutical Co., Ltd.	6,869,165.91			2,447,498.74			9,316,664.65		
Wuxi Yilai Hospital Co., Ltd.	56,424,778.61			(421,913.82)			56,002,864.79		
Shanghai Shengming Pharmaceutical Co., Ltd.	21,989,636.75			(1,097,977.41)			20,891,659.34		
Chongqing Hengkang Hospital Co., Ltd.	6,247,309.77	10,745,274.26		3,238,079.21		(1,177,854.80)	831,375.76	5,983,353.47	
Shanghai Feiyang Nantong Pharmaceutical Co., Ltd.	4,911,260.44			(358,741.63)			4,552,518.81		
Wuxi Yilai Hospital Medical Co., Ltd.	2,971,833.72	1,200,000.00		145,474.85			4,317,308.57		
Hubei Xiangyang Medical Co., Ltd.									
T	99,413,985.20	10,745,274.26	1,200,000.00	3,238,079.21	(1,463,514.07)		95,912,391.92	5,983,353.47	

Other information:

1. In March 2025, Kangning Hospital Co., Ltd. issued a non-convertible preferred stock with a par value of RMB20,000,000.00 to Wuxi Yilai Hospital Medical Co., Ltd.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements (continued)

5.10 Long-term equity investments (continued)

5.10.2 On 2025, the Company held 100% equity interest in Wenhous Kangning Hospital Co., Ltd. The carrying amount of the long-term equity investment is RMB5,983,353.47.

5.11 Other non-current financial assets

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Financial assets at fair value through other comprehensive income	28,123,065.82	36,755,116.10
Intangible assets	28,123,065.82	36,755,116.10
T	28,123,065.82	36,755,116.10

5.12 Fixed assets

5.12.1 Fixed assets

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Fixed assets	1,159,366,939.63	889,544,442.13
T	1,159,366,939.63	889,544,442.13

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB Yuan unless otherwise specified)

	2025	2024	2025	2024	2025	2024	2025	2024
	12/31	12/31	12/31	12/31	12/31	12/31	12/31	12/31
	人民币元	人民币元	人民币元	人民币元	人民币元	人民币元	人民币元	人民币元
1. 固定资产 (Fixed assets)								
(1) 房屋及建筑物 (Buildings and structures)	1,249,310,359.27	92,932,472.62	76,920,085.06	13,125,329.74	86,353,056.93	979,979,414.92	310,205,099.00	63,662.00
(2) 机器设备 (Machinery and equipment)	344,334,359.82	850,000.00	10,052,066.96	1,606,357.59	21,620,836.27	310,112,937.00	28,500.00	
(3) 运输设备 (Transportation equipment)	23,595,599.48		7,551,352.38	943,731.71	15,036,853.39	63,662.00		
(4) 电子设备 (Electronic equipment)	310,112,937.00		2,500,714.58	662,625.88	6,583,982.88	310,112,937.00	28,500.00	
(5) 其他 (Others)	9,775,823.34	850,000.00				28,500.00		
(6) 在建工程 (Construction in progress)	850,000.00					4,539,379.08		
(7) 无形资产 (Intangible assets)	29,241,191.36	3,116,072.66	2,982,354.53	287,106.47	18,296,278.62	4,539,379.08		
(8) 长期待摊费用 (Long-term prepaid expenses)	28,391,191.36	3,116,072.66	2,982,354.53	287,106.47	17,446,278.62	4,539,379.08		
(9) 其他 (Others)	850,000.00				850,000.00	1,283,625,134.84		
(10) 合计 (Total)	1,564,403,527.73	90,666,399.96	83,989,797.49	14,444,580.86	89,677,614.58	1,283,625,134.84		
2. 使用权资产 (Right-of-use assets)								
(1) 房屋及建筑物 (Buildings and structures)	359,765,917.14	60,971,597.16	58,754,632.61	9,626,358.93	66,525,538.38	163,887,790.06		
(2) 机器设备 (Machinery and equipment)	67,454,771.03	5,631,532.64	12,129,609.38	2,253,463.41	20,545,141.99	26,895,023.61		
(3) 运输设备 (Transportation equipment)	59,277,046.66	5,631,532.64	9,955,817.07	1,750,920.62	15,054,702.21	26,884,074.12		
(4) 电子设备 (Electronic equipment)	8,177,724.37		2,173,792.31	502,542.79	5,490,439.78	10,949.49		
(5) 其他 (Others)	22,184,100.07	3,620,297.73	2,879,865.10	279,155.42	15,404,781.82			
(6) 合计 (Total)	22,184,100.07	3,620,297.73	2,879,865.10	279,155.42	15,404,781.82	190,782,813.67		
(7) 合计 (Total)	405,036,588.10	62,982,832.07	68,004,376.89	11,600,666.92	71,665,898.55			

5.12.2 固定资产 (Fixed assets)

5.12.2.1 房屋及建筑物 (Buildings and structures)

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise specified)

	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	(1) B	(2) B	(3) D	(4) D
5.12 Fixed assets				
5.12.2 Equipment				
Original value	1,094,842,321.17	1,094,842,321.17	18,011,716.03	2,843,913.94
Accumulated depreciation	816,091,624.86	816,091,624.86	19,827,518.55	3,498,970.81
Net value	278,750,696.31	278,750,696.31	15,985,420.60	27,683,567.89
Impairment provision				
Net value	278,750,696.31	278,750,696.31	15,985,420.60	27,683,567.89
Total	1,159,366,939.63	1,159,366,939.63	18,165,452.45	31,960,875.46

	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	(1) B	(2) B	(3) D	(4) D
5.13 Construction in progress				
Original value	13,091,854.50	13,091,854.50	13,091,854.50	13,091,854.50
Accumulated depreciation				
Net value	13,091,854.50	13,091,854.50	13,091,854.50	13,091,854.50
Impairment provision				
Net value	13,091,854.50	13,091,854.50	13,091,854.50	13,091,854.50
Total	13,091,854.50	13,091,854.50	13,091,854.50	13,091,854.50

5.13 Construction in progress

5.13.1 Construction in progress

Project	Balance as at 31 December 2025		Balance as at 31 December 2024	
	Book balance	Impairment provision	Book value	Book value
Construction in progress	13,091,854.50		13,091,854.50	13,091,854.50
Total	13,091,854.50		13,091,854.50	13,091,854.50

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements

5.13 Construction in progress (in million RMB)

5.13.2 Information about construction in progress

Project	Balance as at 31 December 2025			Balance as at 31 December 2024	
	Book balance	Provision for impairment	Book value	Book balance	Book value
LY Y H				159,409,044.58	159,409,044.58
L K H				24,326,199.34	24,326,199.34
L K H	1,135,716.00		1,135,716.00		
W K H	911,592.00		911,592.00		
C Y H	1,756,128.00		1,756,128.00	867,174.00	867,174.00
Q Y H	2,497,808.10		2,497,808.10		
W C H	5,045,131.00		5,045,131.00		
O	1,745,479.40		1,745,479.40	561,809.18	561,809.18
T	13,091,854.50		13,091,854.50	185,164,227.10	185,164,227.10

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB unless otherwise specified)

5.13 Construction in progress (continued)

5.13.3 Construction in progress (continued)

Item	2024		2025		2025 (%)	2025 (%)
	31 Dec	31 Dec	31 Dec	31 Dec		
Original value	18,680.91	159,409,044.58	63,614,333.29	223,023,377.87	152.98	3.41
Accumulated depreciation	-	-	-	-	100.00	3.41
Net value	18,680.91	159,409,044.58	63,614,333.29	223,023,377.87	100.00	0.00
Original value	8,754.00	24,326,199.34	62,763,359.79	87,089,559.13	100.00	2.81
Accumulated depreciation	-	-	-	-	60.00	2.81
Net value	8,754.00	24,326,199.34	62,763,359.79	87,089,559.13	100.00	0.00
Total	27,434.91	183,735,243.92	126,377,693.08	310,112,937.00	100.00	0.00
			5,045,131.00	5,045,131.00	12,907,863.44	4,684,046.32

Notes to the Financial Statements

Fiscal Year Ending 31 December 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.14 Right-of-use assets

Project	Houses and buildings	Total
1. Q, ...		
(1) B ... 31 D. ... 2024	307,410,601.64	307,410,601.64
(2) I ... 2025	93,672,400.33	93,672,400.33
☒ N ...	40,384,947.64	40,384,947.64
☒ I ...	65,103,775.00	65,103,775.00
☒ R ...	-11,816,322.31	-11,816,322.31
(3) D ... 2025	51,156,610.95	51,156,610.95
☒ D ...	51,156,610.95	51,156,610.95
(4) I ... 31 D. ... 2025	349,926,391.02	349,926,391.02
2. A ...		
(1) B ... 31 D. ... 2024	145,589,157.08	145,589,157.08
(2) I ... 2025	59,105,611.82	59,105,611.82
☒ R ...	38,080,052.61	38,080,052.61
☒ I ...	23,216,969.86	23,216,969.86
☒ R ...	-2,191,410.65	-2,191,410.65
(3) D ... 2025	47,122,486.11	47,122,486.11
☒ D ...	47,122,486.11	47,122,486.11
(4) B ... 31 D. ... 2025	157,572,282.79	157,572,282.79
3. I ...		
(1) B ... 31 D. ... 2024		
(2) I ... 2025		
(3) D ... 2025		
(4) B ... 31 D. ... 2025		
4. B ...		
(1) B ... 31 D. ... 2025	192,354,108.23	192,354,108.23
(2) B ... 31 D. ... 2024	161,821,444.56	161,821,444.56

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements

5.15 Intangible assets

5.15.1 Intangible assets

Project	Land use rights	Trademark right	Software	Medical practice	Contractual rights to	Total
				qualification	provide management services	
1. Q						
(1) B 31 D. 2024	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) I 2025	4,713,332.53		5,918,563.99	24,000,000.00		34,631,896.52
P	4,713,332.53		4,784,593.99			9,497,926.52
I			1,133,970.00	24,000,000.00		25,133,970.00
(3) D. 2025			52,802.64			52,802.64
D			52,802.64			52,802.64
(4) 31 D. 2025	163,459,981.01	3,061,637.13	21,903,480.22	240,837,000.00	32,400,000.00	461,662,098.36
2. A						
(1) B 31 D. 2024	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) I 2025	2,861,820.77	330,015.42	2,591,353.29	18,780,633.64	1,842,857.20	26,406,680.32
R	2,861,820.77	330,015.42	1,499,883.33	18,780,633.64	1,842,857.20	25,315,210.36
I			1,091,469.96			1,091,469.96
O						
(3) D. 2025			49,052.64			49,052.64
D			49,052.64			49,052.64
(4) B 31 D. 2025	26,587,032.78	1,734,910.61	12,666,032.28	106,649,007.03	14,267,857.20	161,904,839.90
3.						
(1) B 31 D. 2024						
(2) I 2025				14,000,000.04		14,000,000.04
R				14,000,000.04		14,000,000.04
(3) D. 2025						
(4) B 31 D. 2025				14,000,000.04		14,000,000.04
4. B						
(1) B 31 D. 2025	136,872,948.23	1,326,726.52	9,237,447.94	120,187,992.93	18,132,142.80	285,757,258.42
(2) B 31 D. 2024	135,021,436.47	1,656,741.94	5,913,987.24	128,968,626.61	19,975,000.00	291,535,792.26

O

A 31 D. 2025, RMB81,298,845.57

N 5.20.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements (continued)

5.15 Intangible assets (continued)

5.15.2

In 2025, the Company acquired the intangible assets of Wenzhou Kangning Hospital Co., Ltd. (Wenzhou Kangning Hospital) for RMB19,088,193.09, and the intangible assets of Wenzhou Kangning Hospital Co., Ltd. (Wenzhou Kangning Hospital) for RMB2,502,854.13. The total amount of intangible assets is RMB14,000,000.04. See Note 5.16 for details.

5.16 Goodwill

5.16.1 Goodwill

Name of the investee or matters forming goodwill	For the Year Ended 2025		For the Year Ended 2025		Balance as at 31 December 2025
	31 December 2024	31 December 2025	31 December 2024	31 December 2025	
Benzene					
Ningbo Yuhong Hospital Co., Ltd.	9,271,800.00				9,271,800.00
Hubei Yuhong Pharmaceutical Co., Ltd.	690,331.47				690,331.47
Guangdong Yuhong Hospital Co., Ltd.	1,549,022.38				1,549,022.38
Wenzhou Ningbo Pharmaceutical Services Hospital Co., Ltd.	7,784,850.00				7,784,850.00
Benzene Yuhong Hospital Co., Ltd.	22,987,331.04				22,987,331.04
Wenzhou Yuhong Hospital Co., Ltd.	151,048.40				151,048.40
Hubei Kangning Hospital Co., Ltd.	5,068,959.78				5,068,959.78
Chongqing Kangning Pharmaceutical Co., Ltd.	6,843,288.91				6,843,288.91
Wenzhou Yuhong Hospital Co., Ltd.	19,416,285.97				19,416,285.97
Putian Kangning Yuhong Hospital Co., Ltd.	51,770,194.67				51,770,194.67
Hubei Yuhong Ningbo Services Co., Ltd.	1,272,643.00				1,272,643.00
Jiangsu Shuyong Hospital Co., Ltd.	5,060,323.85				5,060,323.85
Luzhou Kangning Kangning Hospital Co., Ltd.	283,528.10				283,528.10
Dongguan Yuhong Hospital Co., Ltd.	2,502,854.13				2,502,854.13
Chongqing Yuhong Pharmaceutical Co., Ltd.	9,564,442.65				9,564,442.65
Wenzhou Yuhong Pharmaceutical Co., Ltd.	228,538.31		228,538.31		

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.16 Goodwill (in million RMB)

5.16.1 Cost of Goodwill (in million RMB)

Name of the investee or matters forming goodwill	Balance at 31 December 2024		Decrease 2025		Balance as at 31 December 2025
	Original	Final	Original	Final	
Hangzhou Yuhang Hospital Co., Ltd.		12,898,816.77			12,898,816.77
Wenzhou Kangning Hospital Co., Ltd.		11,081,970.63			11,081,970.63
Sum	144,445,442.66	23,980,787.40	228,538.31		168,197,691.75
Beijing Yuhang Hospital Co., Ltd.	22,987,331.04				22,987,331.04
Guangzhou Yuhang Hospital Co., Ltd.	1,549,022.38				1,549,022.38
Jiangsu Suning Hospital Co., Ltd.	5,060,323.85				5,060,323.85
Henan Yuhang Puhang Hospital Co., Ltd.	690,331.47				690,331.47
Dalian Lihang Hospital Co., Ltd.			2,502,854.13		2,502,854.13
Wenzhou Ningbo Puhang Suning Hospital Co., Ltd.			7,705,714.73		7,705,714.73
Hangzhou Yuhang Hospital Co., Ltd.			1,247,176.52		1,247,176.52
Sum	30,287,008.74		11,455,745.38		41,742,754.12
Balance	114,158,433.92	23,980,787.40	-11,455,745.38	228,538.31	126,454,937.63

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements (continued)

5.16 Goodwill (in million RMB)

Notes to the Financial Statements

For the Year Ended December 31, 2025
(All amounts in RMB unless otherwise specified)

Name

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.16 Goodwill (in million RMB)

5.16.4 Key parameters of forecast period

Asset group or combination of asset groups	Average number of beds in operation	Key parameters of forecast period		
		Average daily cost per bed for inpatients (bed/day/RMB)	Net profit margin	Pre-tax discount rate
Ningbo Yuyao Hospital Co., Ltd.	147	315	16.34%	10.40%
Huzhou Yuyao Hospital Co., Ltd.	172	563	6.29%	10.40%
Wenzhou Nanyang Private Hospital Co., Ltd.	243	215	2.90%	12.10%
Huzhou Kangning Hospital Co., Ltd.	180	179	15.36%	12.10%
Chengde Kangning Private Hospital Co., Ltd.	323	193	13.55%	12.10%
Wenzhou Yuyao Hospital Co., Ltd.	330	534	10.57%	11.30%
Private Chengde Yuyao Hospital Co., Ltd.	594	556	8.05%	10.40%
Huzhou Yuyao Nanyang Private Hospital Co., Ltd.	56	118	-3.06%	10.40%
Deyang Yuyao Hospital Co., Ltd.	224	112	-12.01%	12.10%
Chengde Juyao Private Hospital Co., Ltd.	306	207	7.27%	10.40%

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.18 Deferred tax assets and deferred tax liabilities (in RMB)

5.18.2 Deferred tax assets and deferred tax liabilities

Item	Balance as at 31 December 2025		Balance as at 31 December 2024	
	Taxable temporary differences	Deferred tax liabilities	Balance as at 31 December 2024	Balance as at 31 December 2024
As at 31 December 2025				
Income tax assets	165,697,546.44	41,424,386.62	162,308,548.18	40,577,137.06
Income tax liabilities	13,879,270.75	2,081,890.61	15,841,295.07	2,376,194.26
Other income tax assets	47,809.41	7,171.41	561,601.28	116,423.68
Other income tax liabilities	192,354,108.28	48,061,288.32	162,649,241.29	40,662,310.34
T	371,978,734.88	91,574,736.96	341,360,685.82	83,732,065.34

5.18.3 Deferred tax assets and deferred tax liabilities

Project	As at 31 December 2025		Balance as at 31 December 2024	
	Offset amount of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset	Offset amount of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset
Income tax assets	50,754,678.64	55,346,815.83	43,419,006.66	56,197,544.77
Income tax liabilities	50,754,678.64	40,820,058.32	43,419,006.66	40,313,058.68

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements

5.18 Deferred tax assets and deferred tax liabilities (in million RMB)

5.18.4 Deferred tax assets

Project	Balance as at	
	31 December 2025	31 December 2024
Deferred tax assets	10,523,912.94	8,368,159.52
Deferred tax liabilities	59,473,871.02	58,354,984.35
T	69,997,783.96	66,723,143.87

5.18.5 Tax assets and liabilities

Year	Balance as at		RMB
	31 December 2025	31 December 2024	
2025	9,062,477.57	11,276,025.44	
2026	5,381,372.94	7,834,515.76	
2027	6,665,188.33	7,112,174.17	
2028	2,344,298.98	11,574,030.72	
2029	20,592,483.91	20,558,238.26	
2030	15,428,049.29		
T	59,473,871.02	58,354,984.35	

5.19 Other non-current assets

Item	Balance as at 31 December 2025			Balance as at 31 December 2024	
	Book balance	Provision for impairment		Book value	Book value
		impairment	Book value		
Right-of-use assets	6,061,296.16		6,061,296.16	7,764,995.66	7,764,995.66
Other non-current assets	9,453,564.81		9,453,564.81	3,468,668.68	3,468,668.68
T	15,514,860.97		15,514,860.97	11,233,664.34	11,233,664.34

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.20 Assets with restricted ownership or use

Item	Book balance	As at 31 December 2025			Balance as at 31 December 2024			
		Book value	Restricted type	Restriction status	Book value	Restricted type	Restriction status	Book value
Other receivables					150,009.00	150,009.00	Financial guarantee	Bank deposits
Prepaid expenses	5,000,000.00	5,000,000.00	Frozen	Performance bond	5,000,000.00	5,000,000.00	Financial guarantee	Prepaid expenses
Other receivables	1,365,109.43	1,365,109.43	Frozen	Foreign exchange regulatory account	1,364,131.55	1,364,131.55	Financial guarantee	Other receivables
Other receivables					2,125.91	2,125.91	Financial guarantee	Other receivables
Loans receivable	254,502,240.91	254,502,240.91	Pledge	Pledge borrowings	208,244,700.00	208,244,700.00	Pledge	Loans receivable
Fixed assets	90,666,399.96	27,683,567.89	Mortgage	Sale and leaseback	92,932,472.62	31,960,875.46	Mortgage	Fixed assets
Fixed assets	260,090,969.45	248,248,404.63	Mortgage	Mortgaged borrowings	308,835,922.00	277,405,475.89	Mortgage	Fixed assets
Intangible assets	91,916,306.11	81,298,845.57	Mortgage	Mortgaged borrowings	69,872,967.58	60,484,716.91	Mortgage	Intangible assets
T	703,541,025.86	618,098,168.43	/	/	686,402,328.66	584,612,034.72	/	/

5.21 Short-term borrowings

Project	Balance as at 31 December 2025		Balance as at 31 December 2024	
Mortgage	93,720,000.00	75,000,000.00		
Guaranteed	15,523,676.71	16,000,000.00		
T	109,243,676.71	91,000,000.00		

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements (continued)

5.22 Financial liabilities held for trading

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Financial assets held for trading	1,805,503.25	14,000,000.00
Other	1,805,503.25	14,000,000.00
T	1,805,503.25	14,000,000.00
Financial liabilities held for trading		
Financial liabilities held for trading		
Other		
T	1,805,503.25	
Financial assets held for trading		
Financial liabilities held for trading		
Other		
T	1,805,503.25	

Notes to the Financial Statements

Financial Statements as at 31 December 2025

(All figures are in RMB unless otherwise specified)

5 Notes to the Financial Statements (continued)

5.23 Accounts payable

The accounts payable are analyzed by the aging on the date of entry as follows:

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Wages payable	156,277,714.53	127,861,415.20

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.25 Contract liabilities

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Revenue contract liabilities	161,104.98	49,771.35
T	161,104.98	49,771.35

5.26 Employee benefits payable

5.26.1 Defined contribution plans

Item	Balance as at 31 December 2024	Increase in 2025	Decrease in 2025	Balance as at 31 December 2025
Social insurance	82,608,332.00	613,701,105.60	615,376,119.42	80,933,318.18
Pension fund	3,138,964.61	45,758,780.58	45,399,570.47	3,498,174.72
Defined contribution plans		313,991.65	313,991.65	
T	85,747,296.61	659,773,877.83	661,089,681.54	84,431,492.90

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements

5.26 Employee benefits payable (in RMB)

5.26.2 Balance Sheet

Item	Balance at 31 December 2024	Income 2025	Decrease 2025	Balance as at 31 December 2025
(1) Welfare fund	80,188,073.48	544,324,112.27	546,082,627.19	78,429,558.56
(2) Bonus	459,887.66	21,364,687.28	21,365,740.40	458,834.54
(3) Short-term employee benefits	1,731,246.32	23,626,510.83	23,544,883.55	1,812,873.60
Employee benefits payable	1,630,346.45	22,260,947.60	22,167,107.34	1,724,186.71
Welfare fund	100,899.87	1,311,987.95	1,324,200.93	88,686.89
Medical insurance		53,575.28	53,575.28	
(4) Health insurance	205,600.44	24,207,778.50	24,208,340.50	205,038.44
(5) Unpaid wages	23,524.10	178,016.72	174,527.78	27,013.04
T	82,608,332.00	613,701,105.60	615,376,119.42	80,933,318.18

5.26.3 Debt Statement

Item	Balance at 31 December 2024	Income 2025	Decrease 2025	Balance as at 31 December 2025
Bank and other payables	3,047,812.97	44,438,784.95	44,087,546.83	3,399,051.09
Unpaid interest	91,151.64	1,319,995.63	1,312,023.64	99,123.63
T	3,138,964.61	45,758,780.58	45,399,570.47	3,498,174.72

Other Information:

As at 31 December 2025, the Group has no employee benefits payable that are subject to any contractual provisions. The Group's employee benefits payable are classified as current liabilities in the balance sheet.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements

5.27 Taxes payable

Tax items	Balance as at 31 December 2025	Balance as at 31 December 2024
VAT	3,200,635.94	1,253,541.90
Enterprise Income Tax	23,316,162.83	28,623,585.71
Property Tax	1,539,654.76	1,280,818.51
Urban Maintenance and Construction Tax	193,472.11	128,273.19
Research and Development Tax Incentive	6,403,954.93	6,799,424.03
Education Tax	139,810.92	65,721.04
Land Use Tax	940,760.98	778,342.55
Stamp Duty	69,573.69	195,717.23
Enterprise Income Tax	3,906.48	2,121.00
Withholding Tax	1,071.79	538.69
T	35,809,004.43	39,128,083.85

5.28 Other payables

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Interest		1,919,729.45
Dividends	3,600,000.00	1,090,000.00
Others	88,259,119.30	78,277,703.70
T	91,859,119.30	81,287,433.15

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements (continued)

5.28 Other payables (in RMB)

5.28.1 Interest

Item	Balance as at	
	31 December 2025	31 December 2024
Interest		1,919,729.45
T		1,919,729.45

5.28.2 Deposits

Item	Balance as at	
	31 December 2025	31 December 2024
Deposits	3,600,000.00	1,090,000.00
T	3,600,000.00	1,090,000.00

5.28.3 Other

Item	Balance as at	
	31 December 2025	31 December 2024
Prepaid expenses	30,510,944.19	25,610,062.45
Prepaid insurance	1,313,457.77	1,313,457.77
Advance payments	2,228,893.61	6,681,680.88
Deposits	1,571,150.50	1,136,955.18
Interest	19,906,013.30	24,729,158.13
Bank charges	9,229,765.68	8,748,024.96
Prepaid taxes	23,467,735.12	9,416,830.18
Others	31,159.13	641,534.15
T	88,259,119.30	78,277,703.70

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB unless otherwise specified)

5 Non-current liabilities due within one year

5.29 Non-current liabilities due within one year

Item	Balance as at	
	31 December 2025	31 December 2024
Liabilities due within one year	132,990,000.00	164,170,000.00
Liabilities due within one year	31,995,109.32	38,367,421.50
Liabilities due within one year	36,422,400.23	26,733,022.63
T	201,407,509.55	229,270,444.13

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements

5.31 Long-term borrowings (in RMB)

The following table shows the long-term borrowings of the Company:

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Renminbi-denominated		
With maturity less than 1 year		
1-2 years	200,470,000.00	201,720,000.00
2-5 years	231,810,000.00	276,950,000.00
More than 5 years	314,672,957.47	212,347,337.44
T	746,952,957.47	691,017,337.44

5.32 Provisions

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Liability provisions	184,898,051.41	178,033,085.43
Income tax provisions	-15,215,483.11	-12,289,872.96
Loss provisions	36,422,400.23	26,733,022.63
T	148,475,651.18	151,300,062.80

The following table shows the provisions of the Company:

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Renminbi-denominated		
With maturity less than 1 year		
1-2 years	25,504,377.21	43,840,707.24
2-5 years	89,583,105.03	48,498,246.64
More than 5 years	33,388,168.94	58,961,108.91
T	148,475,651.18	151,300,062.79

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB unless otherwise specified)

5 Notes to the Financial Statements (continued)

5.33 Long-term payables

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Liabilities	47,419,832.76	71,916,878.60
Savings		4,320,000.00

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.33 Long-term payables (in million RMB)

5.33.2 Significant items

Item	Balance as at 31 December 2024	Increase in 2025	Decrease in 2025	Balance as at 31 December 2025	Forming reason
Financial liabilities	4,320,000.00	5,760,000.00	10,080,000.00		Supplies and services from hospitals
T	4,320,000.00	5,760,000.00	10,080,000.00		/

5.34 Deferred income

Item	Balance as at 31 December 2024	Increase in 2025	Decrease in 2025	Balance as at 31 December 2025	Formation cause
Assets	8,430,307.00	10,080,000.00	303,792.00	18,206,515.00	Assets from government grants
T	8,430,307.00	10,080,000.00	303,792.00	18,206,515.00	/

5.35 Share capital

Item	Balance as at 31 December 2024	Net change 2025 (+/-)	Balance as at 31 December 2025
T	72,670,000.00	-311,100.00	72,358,900.00

Other items: 311,100 RMB

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.36 Capital surplus

Item	Balance as at 31 December 2024	Increase in 2025	Decrease in 2025	Balance as at 31 December 2025
Capital surplus	726,023,779.76		33,882,596.62	692,141,183.14
Other comprehensive income	48,854,883.98	4,503,685.30		53,358,569.28
Other equity	15,145,574.29			15,145,574.29
TOTAL	790,024,238.03	4,503,685.30	33,882,596.62	760,645,326.71

Other comprehensive income for the year ended 31 December 2025

- In 2025, the Company's share of other comprehensive income from its associate, Jiangsu Yixian Pharmaceutical Holdings Co., Ltd., increased by RMB30,943,297.66. The share of other comprehensive income from the associate is 7.2%.
- The Company's share of other comprehensive income from its associate, Hengsheng Pharmaceutical Co., Ltd., increased by RMB4,503,685.30 in 2025. The share of other comprehensive income from the associate is 12%.
- The Company's share of other comprehensive income from its associate, Guangzhou Guangyuan Pharmaceutical Co., Ltd., decreased by RMB311,100 in 2025. The share of other comprehensive income from the associate is 2.2% (2 January 2025), which is 1,959,800 in 2024. The share of other comprehensive income from the associate is 12% (12 January 2024). The share of other comprehensive income from the associate is RMB2,939,298.96 in 2024.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements (continued)

5.37 Treasury share

Item	Balance as at		
	31 December 2024	1 January 2025	31 December 2025
Share-based payment	22,366,848.64	6,299,853.27	28,666,701.91
Treasury shares		22,399,322.22	19,148,923.26
TOTAL	22,366,848.64	28,699,175.49	47,815,625.17

On 1 January 2025, the balance of treasury shares was RMB28,666,701.91.

(1) As at 31 December 2025, the share-based payment was RMB28,666,701.91.

(2) In 2025, the company purchased 2,270,900 shares at a total cost of RMB22,399,322.22, and sold 311,100 shares at a total cost of RMB3,250,398.96.

5.38 Surplus reserve

Item	Balance as at		
	31 December 2024	1 January 2025	31 December 2025
Surplus reserve	38,399,577.13		38,399,577.13
TOTAL	38,399,577.13		38,399,577.13

On 1 January 2025, the balance of surplus reserve was RMB38,399,577.13.

In 2025, the company extracted 10% of the profit after tax as surplus reserve, and extracted 5% of the profit after tax as general reserve.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB unless otherwise specified)

5 Notes to the Financial Statements (continued)

5.39 Retained earnings

Item	Amount in 2025	Amount in 2024
Retained earnings at the beginning of the year	344,285,828.01	311,956,229.16
Transfer from retained earnings to surplus reserves (including transfer to general reserve)	(1,000,000.00)	(1,000,000.00)
Adjusted for the effect of the change in accounting policy	344,285,828.01	311,956,229.16
Profit for the year	54,395,979.83	65,610,188.85
Less: Dividends paid	(1,000,000.00)	(1,000,000.00)
Less: Share repurchase	(34,451,508.00)	(33,280,590.00)
Retained earnings at the end of the year	364,230,299.84	344,285,828.01

Other information

- At the end of 2024, the Company has a total of 30 million shares outstanding. On 30 June 2025, the Company issued 72,670,000 shares of ordinary shares to the public. The total amount of the share issue is RMB3 (three billion RMB) (including the underwriting fee). The Company received net proceeds of RMB21,707,670.00. The Company's share repurchase program was completed on 28 June 2025. (0.9126 million shares, HKD)
- The Company's share repurchase program was completed on 15 October 2025, with a total of 72,358,900 shares repurchased. The total amount of the share repurchase is RMB12,743,838.00. The Company's share repurchase program was completed on 21 November 2025. (0.9131 million shares, HKD)

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.40 Operating revenue and cost of sales

5.40.1 Operating revenue and cost of sales

Item	Amount in 2025		Amount in 2024	
	Revenue	Cost	Revenue	Cost
Medical services	1,448,705,601.11	1,074,924,943.42	1,517,773,042.05	1,125,416,714.47
Other services	171,078,809.67	125,790,274.94	136,516,371.18	90,468,771.15
T	1,619,784,410.78	1,200,715,218.36	1,654,289,413.23	1,215,885,485.62

Breakdown of operating revenue and cost of sales

Item	Amount in 2025	Amount in 2024
Revenue from medical services	1,448,705,601.11	1,517,773,042.05
Revenue from other services	171,078,809.67	136,516,371.18
Cost of sales from medical services	1,074,924,943.42	90,137,875.17
Cost of sales from other services	125,790,274.94	2,970,297.04
Revenue from medical services	2,368,850.84	595,122.46
Revenue from other services	2,577,689.05	58,761,953.25
O	58,761,953.25	42,813,076.51
T	1,619,784,410.78	1,654,289,413.23

5.40.2 Breakdown of operating revenue and cost of sales

Category	Operating revenue	Cost of sales
Revenue from medical services	1,619,784,410.78	1,654,289,413.23
Revenue from other services		
T	1,619,784,410.78	1,654,289,413.23

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements

5.40 Operating revenue and cost of sales (in RMB)

5.40.3 Description of the main types of contracts

Item	Time to fulfill the performance obligation	Important payment terms	Nature of goods promised to be transferred by the Company	Whether to be the principal responsible person	Amounts expected to be returned to the Company has assumed	Type of quality assurance provided by the Company and related obligations
Drug sales	Time to fulfill the performance obligation	Buyer pays for the goods	Drugs	Yes	No	No
Medical equipment sales	Time to fulfill the performance obligation	Company provides warranty	Medical equipment	Yes	No	No

5.41 Taxes and surcharges

Item	Amount in 2025	Amount in 2024
Business tax	8,065,702.05	8,739,992.84
Value-added tax	837,869.25	1,053,941.94
Education surcharge	610,271.91	737,327.87
Local education surcharge	1,127,123.45	917,801.34
Sales tax	567,671.72	546,353.47
Other taxes	37,486.46	341,468.27
T	11,246,124.84	12,336,885.73

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.42 Selling expenses

Item	Amount in 2025	Amount in 2024
Employee salaries and benefits	3,909,904.77	4,449,762.15
Travel expenses	40,879.10	111,825.40
Advertising expenses	143.40	39,170.69
Advertising agency fees	57,111.94	167,877.83
Business entertainment expenses	161,500.16	226,399.54
Office expenses	368,183.04	107,665.73
Transportation expenses	166,678.33	261,675.25
Communication expenses	211,731.35	114,413.65
Overseas expenses	100,494.55	96,046.80
Business gifts	2,696,024.12	3,695,604.38
Marketing expenses (excluding advertising)	13,793.21	3,584.20
Others	5,762.10	698,474.79
T	7,732,206.07	9,972,500.41

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.43 Administrative expenses

Item	Amount in 2025	Amount in 2024
Employee salaries and wages	136,228,747.19	129,004,061.40
Employee benefits	19,677,491.13	17,850,551.80
Advertising and promotion	2,887,520.62	4,190,150.74
Administrative fees	8,814,153.72	8,751,064.86
Depreciation	1,449,479.17	3,012,235.08
Heating	4,020,340.37	3,732,284.42
Electricity	4,511,272.34	3,997,509.78
Office	4,767,633.22	5,031,789.54
Telephone	4,660,700.77	4,977,716.48
Utilities	740,276.80	977,577.12
Research	7,049,469.60	6,849,479.49
Construction	2,497.76	349,803.81
Other	3,087,061.59	3,490,839.71
Consulting	6,327,522.95	6,011,242.51
Advertising	3,095,200.00	3,025,987.32
Research	11,440,216.13	10,919,254.63
Business	4,126,304.84	5,713,396.43
Depreciation	4,063,064.84	3,316,647.39
Construction	3,957,287.08	3,084,988.50
Other	2,199,615.02	3,059,624.40
T	233,105,855.14	227,346,205.41

Notes to the Financial Statements

For the Year Ended December 31, 2025

(Amounts are expressed in RMB Yuan)

5 Notes to the Financial Statements

5.46 Other income

Item	Amount in 2025	Amount in 2024
Government grants	23,279,911.83	13,058,565.88
Others	12,999.21	45.41
Sum	260,965.81	195,207.54
T	23,553,876.85	13,253,818.83

5.47 Investment income

Item	Amount in 2025	Amount in 2024
Losses on disposal of financial assets	-1,463,514.07	-1,089,495.22
Income from financial assets	4,804,189.70	1,844,372.15
Income from other investments	12,086.31	
T	3,352,761.94	754,876.93

5.48 Gains from changes in fair value

Source of gains from changes in fair value	Amount in 2025	Amount in 2024
Financial assets at fair value through profit or loss	745,794.27	588,023.88
Other financial assets at fair value through profit or loss	-1,962,024.32	742,239.73
Financial assets at fair value through other comprehensive income	-1,805,503.25	-1,600,000.00
T	-3,021,733.30	-269,736.39

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements (continued)

5.49 Credit impairment losses

Item

Amount in 2025

Amount in 2024

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Non-current assets and liabilities

5.52 Non-operating revenue

Item	Amount in 2025	Amount in 2024	Amount in 2023
Government grants	35,042.85	157,773.18	35,042.85
Income tax refund	35,042.85	157,773.18	35,042.85
Others	267,263.75	46,960.37	267,263.75
Government grants		86,363.28	
Research grants	233,000.00		233,000.00
Value-added tax		89,700.00	
Patent	722,808.91	86,864.89	722,808.91
Others	63,472.78	1,061,239.31	63,472.78
T	1,321,588.29	1,528,901.03	1,321,588.29

5.53 Non-operating expenses

Item	Amount in 2025	Amount in 2024	Amount in 2023
Loss on disposal of non-current assets	1,372,524.38	1,117,414.85	1,372,524.38
Income tax	1,368,774.38	1,117,414.85	1,368,774.38
Others	3,750.00		3,750.00
Employee benefits	3,069,645.91	2,697,864.84	3,069,645.91
Employee benefits	5,483.03	20,094.09	5,483.03
Income tax	59,434.72	49,092.37	59,434.72
Finance	8,852,014.48	1,606,766.04	8,852,014.48
Cost of sales	1,190,606.08	2,668,838.80	1,190,606.08
Others	2,347,434.42	622,957.51	2,347,434.42
T	16,935,849.67	8,783,028.50	16,935,849.67

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are in RMB unless otherwise specified)

5 Notes to the Financial Statements (Continued)

5.54 Income tax expense

5.54.1 Income tax expense

Item	Amount in 2025	Amount in 2024
Current income tax expense	29,205,809.65	35,746,101.09
Deferred income tax expense	3,409,291.72	-18,044,325.80
Total	32,615,101.37	17,701,775.29

5.54.2 Analysis of income tax expense

Item	Amount in 2025
Total	69,219,024.60
Income tax expense on taxable income	10,382,853.69
Income tax expense on non-taxable income	7,485,629.71
Income tax expense on tax-exempt income	-1,844,265.75
Income tax expense on tax-deductible expenses	568,437.00
Income tax expense on tax-credit expenses	3,163,934.54
Income tax expense on tax-loss carryforwards	-7,294,444.71
Income tax expense on R&D	25,822,434.66
Income tax expense on other	-4,497,890.11
Income tax expense on other	-1,171,587.66
Total	32,615,101.37

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Financial Statements (continued)

5.55 Earnings per share

5.55.1 Basic earnings per share

Item	Amount in 2025	Amount in 2024
Basic earnings per share	0.76	0.88
Weighted average number of shares outstanding	71,953,133.33	74,278,583.33
Weighted average number of shares outstanding (including shares held by the Company)	54,395,979.83	65,610,188.85

5.55.2 Diluted earnings per share

Item	Amount in 2025	Amount in 2024
Diluted earnings per share	0.76	0.88
Weighted average number of shares outstanding	71,953,133.33	74,278,583.33
Weighted average number of shares outstanding (including shares held by the Company)	54,395,979.83	65,610,188.85

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB Yuan unless otherwise specified)

5 Notes to the Financial Statements

5.56 Items of statement of cash flows

5.56.1 Cash flows from operating activities

(1) Cash flows from operating activities

Item	Amount in 2025	Amount in 2024
Receipts from sales of goods and services	39,019,403.41	14,760,401.02
Receipts from government grants	29,003,272.23	17,327,632.97
Receipts from interest	3,899,119.18	3,921,615.94
Receipts from dividends	267,263.75	46,960.37
Receipts from disposal of non-current assets	842,390.82	2,335,305.73
Receipts from disposal of subsidiaries	296,472.78	1,150,939.31
Receipts from disposal of long-term investments		7,000,000.00
T	73,327,922.17	46,542,855.34

(2) Cash flows from investing activities

Project	Amount in 2025	Amount in 2024
Investment in subsidiaries	24,785,476.38	10,369,957.83
Investment in long-term investments	70,773,344.24	69,909,138.48
Disposal of non-current assets	3,069,645.91	2,697,864.84
Disposal of subsidiaries	12,390,054.98	4,898,562.35
Disposal of long-term investments	1,067,323.20	1,250,922.69
Other	487,730.15	3,586,496.26
T	112,573,574.86	92,712,942.45

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.56 Items of statement of cash flows (in RMB)

5.56.2 Cash flows from operating activities

(1) Cash flows from operating activities

Item	Amount in 2025	Amount in 2024
Cash received from customers	13,000,000.00	
T	13,000,000.00	

(2) Cash flows from investing activities

Item	Amount in 2025	Amount in 2024
Cash paid for the purchase of property, plant and equipment	13,000,000.00	
Net cash used in investing activities	29,192.78	942,428.37
T	13,029,192.78	942,428.37

Notes to the Financial Statements

For the Year Ended December 31, 2025

(Amounts are expressed in RMB Yuan)

5 Notes to the Financial Statements

5.56 Items of statement of cash flows (Amount in RMB Yuan)

5.56.3 Cash flows from operating activities

(1) Cash flows from operating activities

Item	Amount in 2025	Amount in 2024
Cash received from patients	850,000.00	60,000,000.00
T	850,000.00	60,000,000.00

(2) Cash flows from investing activities

Item	Amount in 2025	Amount in 2024
Cash paid for the purchase of property, plant and equipment	32,439,993.04	61,246,345.17
Cash received from the disposal of property, plant and equipment	88,603,663.62	31,637,451.28
Cash received from the disposal of intangible assets	28,448,175.99	48,214,658.67
Cash received from the disposal of financial assets		9,821,161.72
Cash received from the disposal of investment properties	27,000,000.00	
T	176,491,832.65	150,919,616.84

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB Yuan)

5 Notes to the Financial Statements

5.57 Supplementary information to the statement of cash flows

5.57.1 Supplementary information to the statement of cash flows

Supplementary information	Amount in 2025	Amount in 2024
1. Net cash and cash equivalents	36,603,923.23	50,397,711.37
Net cash and cash equivalents at the beginning of the year	6,584,873.28	26,454,997.91
A. Cash and cash equivalents	25,455,745.42	16,495,929.58
D. Cash and cash equivalents	59,277,046.66	49,240,319.63
D. Cash and cash equivalents		
II. Cash and cash equivalents	38,080,052.61	36,130,781.58
A. Cash and cash equivalents	25,315,210.36	40,516,786.29
A. Cash and cash equivalents	38,081,274.32	28,899,252.81
L. Cash and cash equivalents		
Cash and cash equivalents	-2,384,033.43	69,932.29
L. Cash and cash equivalents	1,337,481.53	959,641.67
F. Cash and cash equivalents	3,021,733.30	269,736.39
F. Cash and cash equivalents	39,088,809.56	42,602,761.73
I. Cash and cash equivalents	-3,352,761.94	-754,876.93
D. Cash and cash equivalents	2,901,611.52	-11,051,274.17
D. Cash and cash equivalents	506,999.64	-6,992,997.53
I. Cash and cash equivalents	5,469,515.35	9,971,048.87
O. Cash and cash equivalents	65,949,382.96	-66,194,329.87
O. Cash and cash equivalents	93,546,438.19	-121,374,427.72
O. Cash and cash equivalents	4,486,255.36	3,997,509.78
N. Cash and cash equivalents	439,969,557.92	99,638,503.68

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements

5.57 Supplementary information to the statement of cash flows

5.57.1 Supplementary information to the statement of cash flows

Supplementary information	Amount in 2025	Amount in 2024
2. M		
D		
C		
A		
3. N		
E	287,674,751.45	255,232,744.16
L	255,232,744.16	404,723,339.37
P		
L		
N	32,442,007.29	-149,490,595.21

5.57.2 Supplementary information to the statement of cash flows

Item	Amount
C	44,000,000.00
I	28,000,000.00
W	16,000,000.00
L	16,098,096.99
I	10,683,725.70
W	5,414,371.29
P	
N	27,901,903.01

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are expressed in RMB unless otherwise stated)

5 Notes to the Statement of Cash Flows

5.57 Supplementary information to the statement of cash flows (in million RMB)

5.57.3 Net change in cash and cash equivalents

Item	Amount
Cash and cash equivalents at the beginning of the year 2025	
Interest received from bank deposits, term deposits, and other financial assets	29,192.78
Interest received from other financial assets	29,192.78
Proceeds from the disposal of financial assets	
Net change in cash and cash equivalents 2025 compared to 2024	-29,192.78

5.57.4 Balance of cash and cash equivalents

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
I. Cash	287,674,751.45	255,232,744.16
II. Cash equivalents	231,487.96	192,804.35
III. Cash and cash equivalents	286,470,498.69	254,276,084.59
IV. Cash and cash equivalents	972,764.80	763,855.22
V. Cash and cash equivalents		
VI. Cash and cash equivalents		
VII. Cash and cash equivalents		
VIII. Cash and cash equivalents		
IX. Cash and cash equivalents		
X. Cash and cash equivalents		
XI. Cash and cash equivalents		
XII. Cash and cash equivalents		
XIII. Cash and cash equivalents	287,674,751.45	255,232,744.16

Cash and cash equivalents

Item	Balance as at 31 December 2025	Balance as at 31 December 2024	Reconciliation
Particulars	5,000,000.00	5,000,000.00	Interest received
Particulars	1,365,109.43	1,364,131.55	Interest received
Total	6,365,109.43	6,364,131.55	/

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

5 Notes to the Statement of Cash Flows

5.57 Supplementary information to the statement of cash flows

5.57.5 Supplementary information to the statement of cash flows

(1) The following table provides supplementary information to the statement of cash flows:

Item	2025	2024
Balance at the beginning of the year	10,523,676.71	10,523,676.71
Change in cash and cash equivalents	10,523,676.71	10,523,676.71
Balance at the end of the year	21,047,353.42	21,047,353.42

(2) The following table provides supplementary information to the statement of cash flows:

Presentation items	Balance as at 31 December 2025	Balance as at 31 December 2024
Supplies	10,523,676.71	
Inventory	10,523,676.71	

(3) The following table provides supplementary information to the statement of cash flows:

Type	At 31 December 2025
Financial assets	10,523,676.71
Current assets	

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

5 Notes to the Financial Statements (Continued)

5.60 Lease

5.60.1 Assets Leased

Item	Amount in 2025	Amount in 2024
Intangible assets	11,522,064.22	8,458,214.13
Right-of-use assets	121,043,656.66	92,883,796.45
Goodwill	6,942,342.09	7,884,721.10
Contract assets	850,000.00	60,000,000.00
Contract liabilities	32,439,993.04	61,246,345.17

Item	Amount in 2025	Amount in 2024
Trade receivables	1,000,000.00	1,000,000.00
Other receivables	1,000,000.00	1,000,000.00
Prepaid expenses	1,000,000.00	1,000,000.00
Other assets	1,000,000.00	1,000,000.00

Remaining lease term	Undiscounted lease payments
Within 1 year	68,417,509.55
1 to 2 years	56,322,856.98
2 to 3 years	95,464,411.47
More than 3 years	66,163,647.33
Total	286,368,425.34

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

6 Contents

6.1 Business combination not under common control

6.1.1 Business combination not under common control in 2025

Notes	Transaction	Consideration transferred	Shareholding percentage (%)	Business combination type	Reporting period	Revenue	Net income	Change in cash and cash equivalents
H	Yuhou Hospital Co., Ltd.	31 M 2025 35,600,000.00	65.00	C	31 M 2025	19,744,154.59	-4,258,984.02	-4,140,576.81
W	Wenhou Kangning Hospital Co., Ltd.	31 Apr 2025 16,000,000.00	100.00	C	31 Apr 2025	11,889,168.62	526,879.67	-658,162.01

6.1.2 Consideration transferred

	H Yuhou Hospital Co., Ltd.	W Wenhou Kangning Hospital Co., Ltd.
C		
☒ C	28,000,000.00	16,000,000.00
☒ F		
☒ F	7,600,000.00	
☒ F		
☒ F		
☒ F		
☒ O		
T	35,600,000.00	16,000,000.00
L		
T	22,701,183.23	4,918,029.37
T	12,898,816.77	11,081,970.63

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB Yuan unless otherwise specified)

6 Business combination not under common control (in million Yuan)

6.1 Business combination not under common control (in million Yuan)

6.1.3 Investment in subsidiaries not under common control (in million Yuan)

	2025 Year-end Balance	2024 Year-end Balance	2025 Year-end Change	2024 Year-end Change
Assets:				
Current assets:				
Monetary funds	88,586,325.58	70,800,279.48	10,080,947.55	10,080,947.55
Accounts receivable	10,683,725.70	10,683,725.70	5,414,371.29	5,414,371.29
Prepaid expenses	5,611,315.68	5,611,315.68	4,640,769.51	4,640,769.51
Other receivables	11,966.69	11,966.69	24,750.00	24,750.00
Inventory	872,927.05	872,927.05		
Financial assets	1,598,098.97	484,744.28		
Intangible assets	24,042,500.04	1,091,469.96		
Right-of-use assets	41,886,805.14	41,886,805.14		
Long-term equity investments	1,828,479.92	1,828,479.92		
Deferred tax assets	2,050,506.39	8,328,845.06	1,056.75	1,056.75
Other non-current assets				
Liabilities:				
Payables	57,753,735.99	57,753,735.99	5,162,918.18	5,162,918.18
Contract liabilities	2,819,655.50	2,819,655.50	750,490.02	750,490.02
Contract assets	923,339.06	923,339.06	725,473.00	725,473.00
Prepaid liabilities	1,472,442.86	1,472,442.86	3,509,669.27	3,509,669.27
Tax liabilities	31,295.32	31,295.32	177,285.89	177,285.89
Other non-current liabilities	52,507,003.25	52,507,003.25		
Other current liabilities				
Other non-current liabilities				
Net assets	30,832,589.59	13,046,543.49	4,918,029.37	4,918,029.37
Minority interest	8,131,406.36	4,566,290.22		
Attributable to the parent	22,701,183.23	8,480,253.27	4,918,029.37	4,918,029.37

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

6 Contents

6.2 Disposal of subsidiaries

6.2.1 Disposal of subsidiaries

Name of subsidiary	Disposal price at the time of loss of control	Proportion of disposal at the time of loss of control (%)	Disposal method at the time of loss of control	Time point of loss of control	Judgment basis for the time point of losing the control	Difference between the disposal price and the share of net assets of the subsidiary enjoyed by the disposal investment at the consolidated financial statement level	Proportion of residual equity of loss of control	Book value of the remaining equity at the level of consolidated statements on the date of loss of control	Fair value of the remaining equity on the date of loss of control in consolidated financial statements	Gain or loss from remeasurement of the remaining equity at fair value	Method and key assumptions for determining fair value of remaining equity on the date of loss of control in consolidated financial statements	Amount of other comprehensive income related to original subsidiary equity investment transferred to investment earnings
HANGZHOU YIMU MEDICAL EQUIPMENT RESEARCH & DEVELOPMENT CO., LTD.	30,000.00	100.00	Sale	12 January 2025	Expected	807.22						

Notes to the Financial Statements

For the Year Ended December 31, 2025
(All amounts are in RMB unless otherwise specified)

7 Interests in subsidiaries

7.1 Interests in subsidiaries

7.1.1 Consolidated subsidiaries

Name of subsidiary	Company type	Registered capital (RMB)	Company type	Registered capital (RMB)	Shareholding ratio (%)	Control	Accounting method
Wenhou Kangning Hospital	Company	33,000.00	Company	Wenhou Kangning Hospital	100.00	Control	Equity method
Shanghai Kangning Hospital	Company	1,000.00	Company	Shanghai Kangning Hospital	100.00	Control	Equity method
Wenhou Kangning Hospital	Company	1,000.00	Company	Wenhou Kangning Hospital	65.00	Control	Equity method
Wenhou Kangning Hospital	Company	2,585.98	Company	Wenhou Kangning Hospital	100.00	Control	Equity method
Pingliang Kangning Hospital	Company	3,057.47	Company	Pingliang Kangning Hospital	100.00	Control	Equity method
Yixian Kangning Hospital	Company	9,800.00	Company	Yixian Kangning Hospital	100.00	Control	Equity method
Wenhou Kangning Hospital	Company	500.00	Company	Wenhou Kangning Hospital	100.00	Control	Equity method
Huzhou Kangning Hospital	Company	5,000.00	Company	Huzhou Kangning Hospital	65.00	Control	Equity method
Wenhou Kangning Hospital	Company	200.00	Company	Wenhou Kangning Hospital	100.00	Control	Equity method
Wenhou Kangning Hospital	Company	100.00	Company	Wenhou Kangning Hospital	100.00	Control	Equity method
Wenhou Kangning Hospital	Company	1,000.00	Company	Wenhou Kangning Hospital	100.00	Control	Equity method
Wenhou Kangning Hospital	Company	20,000.00	Company	Wenhou Kangning Hospital	100.00	Control	Equity method
Pingliang Kangning Hospital	Company	600.00	Company	Pingliang Kangning Hospital	100.00	Control	Equity method

Notes to the Financial Statements

For the year ended December 31, 2025

(All amounts are in RMB unless otherwise specified)

7 Interests in subsidiaries (in million RMB)

7.1 Interests in subsidiaries (in million RMB)

7.1.1 Consolidated subsidiaries (in million RMB)

Name of subsidiary	Company type	Registered capital	Company type	Registered capital	Shareholding ratio (%)	Control
Wenhou Kangning Hospital Co., Ltd.	Wholly-owned subsidiary	6,000.00	Wholly-owned subsidiary	6,000.00	100.00	Control
Qianjiang Hospital Co., Ltd.	Wholly-owned subsidiary	3,000.00	Wholly-owned subsidiary	3,000.00	60.00	Control
Tianjin Kangning Hospital Co., Ltd.	Wholly-owned subsidiary	1,000.00	Wholly-owned subsidiary	1,000.00	51.00	Control
Yingkou Hospital Co., Ltd.	Wholly-owned subsidiary	3,000.00	Wholly-owned subsidiary	3,000.00	100.00	Control
Tianjin Kangning Hospital Co., Ltd.	Wholly-owned subsidiary	1,000.00	Wholly-owned subsidiary	1,000.00	51.00	Control
Hubei Kangning Hospital Co., Ltd.	Wholly-owned subsidiary	100.00	Wholly-owned subsidiary	100.00	100.00	Control
Wenhou Kangning TCM Co., Ltd.	Wholly-owned subsidiary	500.00	Wholly-owned subsidiary	500.00	100.00	Control
Wenhou Kangning Health Technology Co., Ltd.	Wholly-owned subsidiary	1,000.00	Wholly-owned subsidiary	1,000.00	100.00	Control
Ningbo Kangning Hospital Co., Ltd.	Wholly-owned subsidiary	1,000.00	Wholly-owned subsidiary	1,000.00	85.65	Control
Hubei Kangning Pharmacy Co., Ltd.	Wholly-owned subsidiary	3,000.00	Wholly-owned subsidiary	3,000.00	51.00	Control
Guangzhou Kangning Hospital Co., Ltd.	Wholly-owned subsidiary	1,000.00	Wholly-owned subsidiary	1,000.00		Control
Wenhou Kangning Pharmacy Co., Ltd.	Wholly-owned subsidiary	753.00	Wholly-owned subsidiary	753.00	68.80	Control
Beijing Kangning Hospital Co., Ltd.	Wholly-owned subsidiary	4,633.67	Wholly-owned subsidiary	4,633.67	67.77	Control
Wenhou Kangning Health Technology Co., Ltd.	Wholly-owned subsidiary	50.00	Wholly-owned subsidiary	50.00	100.00	Control
Hubei Kangning Hospital Co., Ltd.	Wholly-owned subsidiary	1,000.00	Wholly-owned subsidiary	1,000.00	95.00	Control

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are in RMB unless otherwise specified)

7 Interests in subsidiaries (in million RMB)

7.1 Interests in subsidiaries (in million RMB)

7.1.1 Consolidated interests in subsidiaries (in million RMB)

Name of subsidiary	Company type	Registered capital (million RMB)	Company type	Registered capital (million RMB)	Shareholding ratio (%)	Shareholding ratio (%)	Shareholding ratio (%)	Shareholding ratio (%)
Yuhou Health Technology Co., Ltd.	Wholly-owned subsidiary	2,040.82	Wholly-owned subsidiary	2,040.82	100.00	100.00	100.00	100.00
Wenhou Pharmacy Co., Ltd.	Wholly-owned subsidiary	50.00	Wholly-owned subsidiary	50.00	100.00	100.00	100.00	100.00
Yuhou Pharmacy Co., Ltd.	Wholly-owned subsidiary	500.00	Wholly-owned subsidiary	500.00	100.00	100.00	100.00	100.00
Yuhou Pharmacy Co., Ltd. (Wholly-owned subsidiary)	Wholly-owned subsidiary	1,000.00	Wholly-owned subsidiary	1,000.00	80.00	80.00	80.00	80.00
Chengde Pharmacy Co., Ltd.	Wholly-owned subsidiary	1,000.00	Wholly-owned subsidiary	1,000.00	64.55	64.55	64.55	64.55
Houhou Pharmacy Co., Ltd.	Wholly-owned subsidiary	100.00	Wholly-owned subsidiary	100.00	100.00	100.00	100.00	100.00
Lishui Pharmacy Co., Ltd.	Wholly-owned subsidiary	5,000.00	Wholly-owned subsidiary	5,000.00	100.00	100.00	100.00	100.00
Suzhou Pharmacy Co., Ltd.	Wholly-owned subsidiary	6,000.00	Wholly-owned subsidiary	6,000.00	55.00	55.00	55.00	55.00
Princeton Pharmacy Co., Ltd.	Wholly-owned subsidiary	1,400.00	Wholly-owned subsidiary	1,400.00	95.00	95.00	95.00	95.00
Chengde Pharmacy Co., Ltd.	Wholly-owned subsidiary	1,000.00	Wholly-owned subsidiary	1,000.00	80.00	80.00	80.00	80.00
Lishui Pharmacy Co., Ltd.	Wholly-owned subsidiary	3,000.00	Wholly-owned subsidiary	3,000.00	100.00	100.00	100.00	100.00
Chengde Pharmacy Co., Ltd.	Wholly-owned subsidiary	2,083.33	Wholly-owned subsidiary	2,083.33	76.00	76.00	76.00	76.00
Wenhou Pharmacy Co., Ltd.	Wholly-owned subsidiary	1,000.00	Wholly-owned subsidiary	1,000.00	100.00	100.00	100.00	100.00
Chengde Pharmacy Co., Ltd.	Wholly-owned subsidiary	5,000.00	Wholly-owned subsidiary	5,000.00	100.00	100.00	100.00	100.00
Yuhou Pharmacy Co., Ltd.	Wholly-owned subsidiary	500.00	Wholly-owned subsidiary	500.00	100.00	100.00	100.00	100.00
Lishui Pharmacy Co., Ltd.	Wholly-owned subsidiary	200.00	Wholly-owned subsidiary	200.00	85.00	85.00	85.00	85.00
Qinghai Pharmacy Co., Ltd.	Wholly-owned subsidiary	436.00	Wholly-owned subsidiary	436.00	100.00	100.00	100.00	100.00

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

7 Interests in subsidiaries (in million RMB)

7.1 Interests in subsidiaries (in million RMB)

7.1.1 Consolidated statement of financial position (in million RMB)

Name of subsidiary	Company type	Registered capital (million RMB)	Company type	Registered capital (million RMB)	Number of shares held	Shareholding percentage (%)	Date of acquisition	Accounting method
Wenhou Kangning Hospital	For-profit hospital	50.00	Wenhou Hospital	Wenhou Hospital	100.00	100.00	Established	Equity method
Wenhou Kangning Hospital Fuzhou Branch	For-profit hospital	10,000.00	Wenhou Hospital	Wenhou Hospital	60.00	60.00	Established	Equity method
Yanhou Kangning Hospital	For-profit hospital	2,700.00	Wenhou Hospital	Wenhou Hospital	100.00	100.00	Established	Equity method
Jinhou Kangning Hospital	For-profit hospital	2,398.26	Jinhou Hospital	Jinhou Hospital	55.00	55.00	Acquired	Cost method
Luzhou Kangning Hospital	For-profit hospital	2,040.00	Luzhou Hospital	Luzhou Hospital	51.00	51.00	Acquired	Cost method
Dingzhou Kangning Hospital	For-profit hospital	1,800.00	Suzhou Hospital	Suzhou Hospital	51.00	51.00	Acquired	Cost method
Wenhou Kangning Hospital Puyuan Branch	For-profit hospital	50.00	Wenhou Hospital	Wenhou Hospital	100.00	100.00	Established	Equity method
Jinhou Kangning Hospital (Luzhou Branch)	For-profit hospital	6,001.00	Jinhou Hospital	Jinhou Hospital	61.27	25.80	Established	Equity method
Qianzhou Kangning Hospital	For-profit hospital	2,764.00	Qianzhou Hospital	Qianzhou Hospital	100.00	100.00	Established	Equity method

As of December 31, 2025, the consolidated statement of financial position shows the following details for the subsidiaries listed above. The shareholding percentages are as follows: Wenhou Kangning Hospital (100%), Wenhou Kangning Hospital Fuzhou Branch (60%), Yanhou Kangning Hospital (100%), Jinhou Kangning Hospital (55%), Luzhou Kangning Hospital (51%), Dingzhou Kangning Hospital (51%), Wenhou Kangning Hospital Puyuan Branch (100%), Jinhou Kangning Hospital (Luzhou Branch) (61.27% / 25.80%), and Qianzhou Kangning Hospital (100%).

The consolidated statement of financial position also includes the following information: The consolidated statement of financial position as of December 31, 2025, shows that the company's total assets are 90% owned by the parent company, Wenhou Kangning Hospital. The consolidated statement of financial position as of December 31, 2025, shows that the company's total assets are 90% owned by the parent company, Wenhou Kangning Hospital.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise specified)

7 Interests in subsidiaries

7.1 Interests in subsidiaries

7.1.2 Significant subsidiaries

	Shareholding ratio of minority shareholders (%)	Profit or loss attributable to minority shareholders in 2025	Dividends declared for distribution to minority shareholders in 2025	Balance of minority equity as at 31 December 2025
Wenzhou Kangning Hospital Co., Ltd.	40.00	-556,708.88		37,565,639.83
Jiangsu Sanyuan Hospital Co., Ltd.	45.00	-2,030,443.47		13,278,391.92
Wenzhou Deyuan Hospital Co., Ltd.	20.00	47,364.17	401,123.89	21,104,045.97
Hangzhou Yuhua Hospital Co., Ltd.	35.00	-1,508,199.09		6,623,207.27

7.1.3 Key financial information of significant subsidiaries

Subsidiary name	Balance as at 31 December 2025					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Wenzhou Kangning Hospital Co., Ltd.	17,496,897.22	252,013,016.41	269,509,913.63	63,628,434.03	111,967,380.00	175,595,814.03
Jiangsu Sanyuan Hospital Co., Ltd.	11,524,763.22	66,782,837.21	78,307,600.43	10,076,431.15	37,468,468.46	47,544,899.61
Wenzhou Deyuan Hospital Co., Ltd.	172,867,810.34	853,963.27	173,721,773.61	112,153,608.69		112,153,608.69
Hangzhou Yuhua Hospital Co., Ltd.	13,183,362.26	72,877,579.64	86,060,941.90	16,371,612.88	50,765,879.69	67,137,492.57

Subsidiary name	Balance as at 31 December 2025					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Wenzhou Kangning 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
Jiangsu Sanyuan 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
Wenzhou Deyuan Hospital 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
Hangzhou Yuhua Hospital Co., Ltd.	16,256,911.21	54,152,590.34	70,409,501.55	21,396,266.69	45,532,814.70	66,929,081.39

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

7 Interests in subsidiaries

7.1 Interests in subsidiaries

7.1.3 Key subsidiaries

Subsidiary	Amount in 2025				Amount in 2024			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating assets	Total assets	Capital	
Wenhou Kangning Hospital Co., Ltd.	13,761.47	-1,391,772.19	-1,391,772.19	44,202,706.15	-	-611,479.16	-611,479.16	7,245,184.48
Jiangsu Shengyuan Hospital Co., Ltd.	23,791,240.26	-4,512,096.60	-4,512,096.60	-914,868.71	21,628,716.48	-5,283,243.08	-5,283,243.08	-2,089,467.09
Wenhou Kangning Hospital Co., Ltd.	254,846,253.81	50,397,069.25	50,397,069.25	60,475,851.58	259,009,014.12	61,228,047.65	61,228,047.65	13,240,617.58
Hangzhou Kangning Hospital Co., Ltd.	19,744,154.59	-4,309,140.26	-4,309,140.26	1,902,046.12	37,733,719.76	448,425.16	448,425.16	5,714,546.37

7.2 Transactions where ownership interest in a subsidiary changes but control is retained

7.2.1 Non-wholly owned subsidiaries

In January 2025, the Company's ownership interest in Wenhou Kangning Hospital Co., Ltd. (the "Company") increased from 11.73% to 14.93% through the purchase of shares from the original shareholders. The purchase price was RMB27,000,000.00.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are in RMB unless otherwise specified)

7. Investments

7.2 Transactions where ownership interest in a subsidiary changes but control is retained

(in million RMB)

7.2.2 Chengdu Yining

	Chengdu Yining
Parent's investment	27,000,000.00
Change in parent's investment	27,000,000.00
Total investment	27,000,000.00
Less: Investment in subsidiary	-3,943,297.66
Debt	30,943,297.66
Investment in subsidiary	30,943,297.66
A: Investment in subsidiary	
A: Investment in subsidiary	

7.3 Equity in joint venture arrangements or associates

7.3.1 Significant joint venture arrangements or associates

Name of the joint venture arrangement or associate	Registered capital (million RMB)	Parent's shareholding percentage (%)	Parent's shareholding percentage (%)	Parent's investment (million RMB)	
				Initial investment	Current investment
Suzhou Shihong Medical Equipment Co., Ltd.	X'100.00	X'100.00	H'100.00	30.00	E'100.00
Wenzhou Rongli Medical Equipment Co., Ltd.	W'100.00	W'100.00	M'100.00	45.00	E'100.00
Huzhou Caili Medical Equipment Co., Ltd.					

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are expressed in RMB unless otherwise stated)

7. 7.3 Equity in joint venture arrangements or associates (in RMB)

7.3 Equity in joint venture arrangements or associates (in RMB)

7.3.2 Key figures of equity in joint venture arrangements or associates

	Balance as at 31 December 2025/Amount in 2025		Balance as at 31 December 2024/Amount in 2024	
	Shanxi Shanda	Longwan Yining	Shanxi Shanda	Longwan Yining
Current assets	52,325,788.02	1,862,472.90	48,352,443.86	196,852.44
Non-current assets	121,989,736.52	255,093,748.77	120,536,919.01	219,142,045.33
Total assets	174,315,524.54	256,956,221.67	168,889,362.87	219,338,897.77
Current liabilities	98,820,684.44	41,510,269.10	90,135,768.43	38,926,869.26
Non-current liabilities	15,000,000.00	90,995,141.93	15,000,000.00	55,023,631.60
Total liabilities	113,820,684.44	132,505,411.03	105,135,768.43	93,950,500.86
Minority interest	19,373,422.12		19,872,251.77	
Equity	41,121,417.98	124,450,810.64	43,881,342.67	125,388,396.91
Non-current assets	12,336,425.39	56,002,864.79	13,164,402.80	56,424,778.61
Accounts receivable	8,555,233.95		8,825,233.95	
Prepaid expenses	8,825,233.95		8,825,233.95	
Other non-current assets				
Other non-current liabilities	-270,000.00			
Bank balances	20,891,659.34	56,002,864.79	21,989,636.75	56,424,778.61
Financial assets	67,440,557.10		58,785,707.81	
Non-current liabilities	-4,424,497.45	-937,586.27	-464,715.82	-925,898.33
Other non-current liabilities				
Total non-current liabilities	-4,424,497.45	-937,586.27	-464,715.82	-925,898.33
Dividends receivable				

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB Yuan unless otherwise specified)

9 Risks

9.1 Various risks arising from financial instruments (in million RMB)

9.1.1 Credit risk

Our credit risk is primarily associated with our receivables from customers. We have established credit control policies and procedures to minimize the credit risk. We also maintain a diversified customer base to reduce the risk of default by any single customer.

The credit risk is measured by the expected credit loss (ECL) model. We use a simplified approach to measure ECL for receivables. We recognize ECL based on the historical credit loss experience, adjusted for current and forward-looking information on the customer's financial condition and the economic environment. We use a provision matrix to assess ECL. The provision matrix is based on the days past due (DPD) and the historical loss rate by category of receivables. We also consider the customer's credit history and the economic environment when assessing ECL.

The credit risk is also measured by the expected credit loss (ECL) model. We use a simplified approach to measure ECL for receivables. We recognize ECL based on the historical credit loss experience, adjusted for current and forward-looking information on the customer's financial condition and the economic environment. We use a provision matrix to assess ECL. The provision matrix is based on the days past due (DPD) and the historical loss rate by category of receivables. We also consider the customer's credit history and the economic environment when assessing ECL.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

9 Risks arising from financial instruments (in million RMB)

9.1 Various risks arising from financial instruments (in million RMB)

9.1.2 Liquidity risk (in million RMB)

The Company's liquidity risk management is to ensure that the Company has sufficient cash resources to meet its financial obligations as they fall due. The Company monitors and maintains a level of cash and cash equivalents sufficient to meet its short-term obligations. The Company also maintains a diversified portfolio of investments to ensure that it has sufficient cash resources to meet its long-term obligations.

Balance as at 31 December 2025

Item	Immediate repayment	Within 1 year	1-2 years	2-5 years	More than 5 years	Total undiscounted contract amount	Book value
Bank deposits		242,233,676.71	206,799,626.30	261,353,295.70	389,749,543.45	1,100,136,142.16	989,186,634.18
Receivables		36,422,400.23	26,754,091.69	87,529,357.31	48,765,941.63	199,471,790.86	184,898,051.41
Loans		31,995,109.32	29,568,765.29	25,332,759.87		86,896,634.48	79,414,942.08
Accounts receivable		156,277,714.53	2,848,066.71	1,229,010.41		160,354,791.65	160,354,791.65
Other		327,949.30	49,230,863.16	38,700,306.84		88,259,119.30	88,259,119.30
T		467,256,850.09	315,201,413.15	414,144,730.13	438,515,485.08	1,635,118,478.45	1,502,113,538.62

Balance as at 31 December 2024

Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted contract amount	Book value
Bank deposits	295,897,567.90	231,446,702.05	332,391,684.58	258,553,226.86	1,118,289,181.39	946,187,337.44
Receivables	26,733,022.63	45,988,901.90	58,725,671.39	86,707,676.25	218,155,272.17	178,033,085.43
Loans	38,367,421.50	30,877,984.00	57,282,769.00		126,528,174.50	110,284,300.10
Accounts receivable	127,861,415.20	3,124,361.77	950,603.01		131,936,379.98	131,936,379.98
Other	33,007,700.14	29,568,765.29	18,710,967.72		81,287,433.15	81,287,433.15
T	521,867,127.37	341,006,715.01	468,061,695.70	345,260,903.11	1,676,196,441.19	1,447,728,536.10

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB Yuan unless otherwise stated)

9 Risks

9.1 Various risks arising from financial instruments (in RMB Yuan)

9.1.3 Market risks

Market risks are the risks arising from changes in market prices, interest rates, exchange rates and other factors, which may affect the company's financial position, financial performance and cash flows.

(1) Interest rate risk

The company's interest rate risk arises from its financial instruments, which are primarily bank deposits and bank borrowings. The company's interest rate risk is primarily related to the floating rate of its bank borrowings.

For the purpose of financial reporting, the company's interest rate risk is measured by the change in the fair value of the company's financial instruments. The company's interest rate risk is primarily related to the floating rate of its bank borrowings. The company's interest rate risk is primarily related to the floating rate of its bank borrowings. The company's interest rate risk is primarily related to the floating rate of its bank borrowings.

As at 31 December 2025, the company's interest rate risk is primarily related to the floating rate of its bank borrowings. The company's interest rate risk is primarily related to the floating rate of its bank borrowings. The company's interest rate risk is primarily related to the floating rate of its bank borrowings.

(2) Exchange rate risk

The company's exchange rate risk arises from its financial instruments, which are primarily bank deposits and bank borrowings. The company's exchange rate risk is primarily related to the exchange rate of the RMB Yuan against the US Dollar.

The company's exchange rate risk is primarily related to the exchange rate of the RMB Yuan against the US Dollar. The company's exchange rate risk is primarily related to the exchange rate of the RMB Yuan against the US Dollar. The company's exchange rate risk is primarily related to the exchange rate of the RMB Yuan against the US Dollar.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

9 Risks arising from financial instruments (in million RMB)

9.1 Various risks arising from financial instruments (in million RMB)

9.1.3 Market risks (in million RMB)

(2) Exchange rate risks (in million RMB)

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise specified)

10

10.1 Fair value of assets and liabilities as at 31 December 2025

Item	Fair value as at 31 December 2025			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Continuous fair value measurement				
1. Financial assets			8,573,388.20	8,573,388.20
(1) Derivatives			8,573,388.20	8,573,388.20
(2) Equity instruments				
(3) Debt instruments				
(4) Other				
2. Financial liabilities				
(1) Derivatives				
(2) Other				
Receivables				
Other				
Other				

10.1 Fair value of assets and liabilities as at 31 December 2025

Item	Fair value as at 31 December 2025			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Continuous fair value measurement				
1. Financial assets			8,573,388.20	8,573,388.20
(1) Derivatives			8,573,388.20	8,573,388.20
(2) Equity instruments				
(3) Debt instruments				
(4) Other				
2. Financial liabilities				
(1) Derivatives				
(2) Other				
Receivables				
Other				
Other				

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB Yuan unless otherwise specified)

10 Derivatives (in RMB Yuan)

10.1 Fair value of assets and liabilities as at 31 December 2025 (in RMB Yuan)

Item	Fair value as at 31 December 2025			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
1. Financial assets			28,123,065.82	28,123,065.82
(1) Derivatives			28,123,065.82	28,123,065.82
(2) Equity instruments			28,123,065.82	28,123,065.82
(3) Debt instruments				
(4) Other				
2. Financial liabilities				
(1) Derivatives				
(2) Other				
Total			36,696,454.02	36,696,454.02
Financial assets			1,805,503.25	1,805,503.25
1. Financial assets			1,805,503.25	1,805,503.25
(1) Equity instruments				
(2) Debt instruments				
(3) Other			1,805,503.25	1,805,503.25
2. Derivatives				
Total			1,805,503.25	1,805,503.25
Financial liabilities				
Total				

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB unless otherwise specified)

10 Derivatives (in RMB)

10.2 Qualitative and quantitative information on the valuation techniques and significant parameters used for items measured at Level 3 of the continuous and non-continuous fair value hierarchy

Item	Fair value as at		Weighted average
	31 December 2025	31 December 2024	
Financial derivatives	8,573,388.20	10,000,000.00	8%
Other derivatives	-	-	-

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

11 Related Parties (Continued)

11.4 Other related parties

Name of other related parties	Relationship between other related parties and the Company
Y. M. H. C.	N. C.
L. S. R. H. C., L.	S. C.
T. E. C., L.	M. C.
Y. B. M. C., L.	M. C.
W. D. B. M. C., L.	M. C.
C. W.	M. C.
C. G.	M. C.
J. D.	M. C.
W. L.	M. C.
W. X.	M. C.
X. X.	M. C.
W. C.	M. C.
Q. K.	M. C.
Y. L.	R. C.
W. H.	O. C.
X. Y.	S. C.
	C.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(Amounts are expressed in RMB Yuan)

11 Related Party Transactions (Continued)

11.5 Related-party transaction

11.5.1 Related-party transactions involving the Company's subsidiaries

Related party	Related-party transaction content	Amount in 2025	Amount in 2024
Wenhou Kangning Hospital Co., Ltd. (Wenhou Kangning Hospital)	Shareholding	447,789.38	117,517.37
Yingmei Hospital Co., Ltd.	Shareholding	627,851.53	933,864.76
Huaxi Hospital Co., Ltd.	Shareholding		300,000.00

Transactions involving the Company's subsidiaries

Related party	Related-party transaction content	Amount in 2025	Amount in 2024
Yingmei Hospital Co., Ltd.	Medical services	2,227,722.78	2,970,297.04
	Services	487,044.25	

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

11 Related Party Transactions (Continued)

11.5 Related-party transaction (Continued)

11.5.2 Assets

Trade receivables

The guaranteed	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed
Qinghai Yuhua Hospital Co., Ltd.	60,000,000.00	2023/10/9	2034/10/9	N
Yuhua Kangning Hospital Co., Ltd.	60,000,000.00	2019/8/20	2031/8/21	N
Luzhou City Hospital Co., Ltd.	68,440,000.00	2023/4/3	2032/3/2	N
Hubei Xiangyang Medical Textile Co., Ltd.	32,400,000.00	2024/7/1	2027/6/30	N
Wuxi Xiangyang Yuhua Hospital Co., Ltd.	8,400,000.00	2024/3/31	2027/3/31	N
Wuxi Xiangyang Yuhua Hospital Co., Ltd.	103,000,000.00	2023/10/12	2034/10/9	N
Yuhua Kangning Hospital Co., Ltd.	12,000,000.00	2024/7/18	2029/6/18	N
Yuhua Yuhua Textile Co., Ltd.				
Wuxi Medical Hospital Co., Ltd.	8,000,000.00	2024/7/18	2029/6/18	N
Qinghai Kangning Hospital Co., Ltd.	5,300,780.00	2024/1/1	2028/12/31	N
Wuxi Yuhua Guanghui Hospital Co., Ltd.	4,337,088.00	2024/1/25	2028/12/25	N
Putian City Yuhua Hospital Co., Ltd.	26,000,000.00	2023/12/20	2031/12/20	N

Notes to the Financial Statements

For the year ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

11 Related-party transactions (Continued)

11.5 Related-party transaction (Continued)

11.5.2 Assets held by related parties (Continued)

Table 11.5.2: Assets held by related parties

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been fulfilled
Yuhou Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	N
Yuhou Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	N
Chengde Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	N
Wenhou Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	N
Pingli Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	N
Wenhou Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	N
Wenhou Kangning Hospital Co., Ltd.	200,000,000.00	2021/12/24	2026/12/24	N
Chengde Kangning Hospital Co., Ltd.	66,474,000.00	2021/12/24	2026/12/10	N
Guangzhou Wenhou Hospital Ltd.	24,000,000.00	2020/6/30	2027/6/30	N
Guangzhou Wenhou Hospital Ltd.	79,642,127.25	2021/11/29	2028/11/29	N
Guangzhou Wenhou Hospital Ltd., Xuyi	180,950,000.00	2020/10/26	2026/10/25	N
Guangzhou Wenhou Hospital Ltd.	70,000,000.00	2023/11/8	2026/11/15	N
Guangzhou Wenhou Hospital Ltd.	14,660,000.00	2019/9/10	2029/8/20	N
Guangzhou Wenhou Hospital Ltd.	10,280,000.00	2020/1/1	2029/8/20	N
Guangzhou Wenhou Hospital Ltd.	3,320,000.00	2020/12/22	2029/8/20	N
Guangzhou Wenhou Hospital Ltd.	2,200,000.00	2020/9/27	2029/8/20	N
Guangzhou Wenhou Hospital Ltd.	2,200,000.00	2020/9/27	2029/8/20	N
Guangzhou Wenhou Hospital Ltd.	3,050,000.00	2021/3/1	2029/8/20	N
Guangzhou Wenhou Hospital Ltd.	3,050,000.00	2021/3/1	2029/8/20	N
Guangzhou Wenhou Hospital Ltd.	45,000,000.00	2023/7/3	2037/12/31	N
Guangzhou Wenhou Hospital Ltd.	15,000,000.00	2023/7/31	2037/12/31	N
Guangzhou Wenhou Hospital Ltd.	10,116,550.00	2023/10/25	2037/12/31	N
Guangzhou Wenhou Hospital Ltd.	5,007,200.00	2023/11/24	2037/12/31	N
Guangzhou Wenhou Hospital Ltd.				
Chengde Kangning Hospital Co., Ltd.	60,000,000.00	2023/10/9	2031/10/9	N
Wenhou Hospital Ltd.	18,312,000.00	2023/12/20	2028/12/25	N
Guangzhou Wenhou Hospital Ltd.	25,000,000.00	2024/12/10	2027/12/10	N
Guangzhou Wenhou Hospital Ltd.	120,000,000.00	2024/3/27	2027/3/26	N

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

11 Related-party transactions (Continued)

11.5 Related-party transaction (Continued)

11.5.3 Lending/borrowing

Related party	Lending/borrowing amount	Start date	Maturity date	Description
Bank of China				
Wenzhou Kangning Hospital Co., Ltd.	1,095,000.00	2023/9/29		Short-term loan
Wenzhou Kangning Hospital Co., Ltd.	2,508,250.00	2022/6/13		Short-term loan
Wenzhou Kangning Hospital Co., Ltd.	13,500,000.00	2023/1/10	2026/1/9	Long-term loan
Shanghai Pudong Development Bank	10,204,311.69	2015/6/1		Long-term loan
Wenzhou Kangning Hospital Co., Ltd.	3,490,447.08	2015/9/1		Long-term loan

11.5.4 Receivables

Item	Amount in 2025	Amount in 2024
Receivables from related parties	10,661,260.51	8,625,385.30
Receivables from other related parties	1,851,645.21	1,863,108.72

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise stated)

11 Receivables and payables (Continued)

11.6 Unsettled items such as receivables and payables of related parties

11.6.1 Receivables

Item name	Related party	Balance as at 31 December 2025		Balance as at 31 December 2024	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Yi Meng Healthcare Company Limited	14,059,620.00	9,801,795.00	12,024,620.00	7,548,920.00
	Huizhou Yuhui Healthcare Company Limited			79,780.30	2,807.80
Other receivables	Wenzhou Lishui Yuhui Healthcare Company Limited	15,672,219.18	783,610.96	14,312,219.18	715,610.96
	Chengde Healthcare Company Limited	400,000.00	20,000.00		
	Yi Meng Healthcare Company Limited	2,475,380.00	123,781.48	2,475,380.00	123,781.48
	Shanghai Hipoint Healthcare Company Limited	10,204,311.69	10,204,311.69	10,204,311.69	10,204,311.69
	Wenzhou City	3,490,447.08	3,490,447.08	3,490,447.08	3,490,447.08
	Chengde Government	100,000.00	1,000.00	100,000.00	1,000.00
	Xuxi	80,004.00	800.04	80,004.00	800.04
	Chengde Wenzhou	70,187.50	3,509.38	45,187.50	2,259.38
	Jiading	429,227.50	21,461.38	383,467.50	19,173.38
	Yuli	30,000.00	900.00	30,000.00	900.00
	Qingkai	20,917.10	1,045.86		

11.6.2 Payables

Project name	Related party	Book balance as at 31 December	
		31 2025	31 December 2024
Accounts payable	Chengde Healthcare Company Limited	21,376.00	32,895.70
	Yuli	34,697.95	23,583.50
Other payables	Chengde Healthcare Company Limited		3,294,491.66
	Wenzhou Daxin Medical Company Limited	18,000,000.00	
	Lishui Shuren Healthcare Company Limited	1,095,000.00	1,095,000.00
	Xuxi	2,508,250.00	2,405,961.75
	Wenzhou	2,726,130.87	2,726,130.87
Wenzhou	900,000.00	900,000.00	

Notes to the Financial Statements

For the Year Ended December 31, 2025

(All amounts are expressed in RMB unless otherwise specified)

11 Revenue and Expenses (Continued)

11.7 Director interests and rights

The following table shows the remuneration and benefits of directors and supervisors for 2025:

Name	Remuneration	Salary and subsidies	Social insurance plan contributions	Performance bonus	Other allowances and benefits	Equity incentives	Total
Executive directors							
Guo Wenjun	200,000.00	404,160.00	84,787.98	89,108.80	1,700.00		779,756.78
Wang Lijun	150,000.00	492,132.00		158,099.94	26,200.00	542,692.81	1,369,124.75
Wang Jun	150,000.00	600,000.00	80,200.80		27,050.00		857,250.80
Independent director							
Jiang Lijun	70,000.00						70,000.00
Wang Wenjun	70,000.00						70,000.00
Chen Siyi	70,000.00						70,000.00
Supervisor							
Xu Ning	196,628.42	269,954.00	70,680.00	23,240.00		134,425.34	694,927.76
Xu Ting	79,867.00	95,400.00	48,927.98	4,480.00		56,484.31	285,159.29
T	986,495.42	1,861,646.00	284,596.76	274,928.74	54,950.00	733,602.46	4,196,219.38

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All amounts are expressed in RMB unless otherwise specified)

11 Revenue (Continued)

11.7 Director interests and rights (Continued)

The following table shows the remuneration of directors and supervisors for 2025:

Name	Remuneration	Salary and allowance	Social insurance plan contribution	Performance bonus	Other allowances and benefits	Equity incentives	Total
Executive directors							
G. W.	100,000.00	404,160.00	82,725.65	99,967.00	5,300.00		692,152.65
W. L.	75,000.00	490,959.00	51.76	179,642.89	40,300.00	504,213.54	1,290,167.19
W. J.	75,000.00	730,000.00	77,348.70		59,300.00	366,824.67	1,308,473.37
Independent director							
J. L.	70,000.00						70,000.00
W. W.	70,000.00						70,000.00
C. S.	70,000.00						70,000.00
Supervisor							
X. N.	219,960.00	71,060.00	148,298.65	80,900.00		118,427.19	638,645.84
X. T.	91,800.00	47,535.25	85,810.20	5,980.00		49,252.36	280,377.81
T	771,760.00	1,743,714.25	394,234.96	366,489.89	104,900.00	1,038,717.76	4,419,816.86

Notes to the Financial Statements

For the Year Ended December 31, 2025

(Amounts are expressed in RMB Yuan unless otherwise specified)

11 Revenue (Continued)

11.8 Top five highest remunerated individuals

As of December 31, 2025, the top five highest remunerated individuals received a total remuneration of RMB 3,960,493.88 (2024: RMB 2,888,637.96). The remuneration of these individuals is as follows:

Item	Amount in 2025	Amount in 2024
Board of Directors	1,203,855.32	1,557,020.71
Senior Management	332,164.74	253,590.18
Professional staff	1,722,787.77	509,164.51
Others	148,401.60	102,767.30
Subtotal	553,284.45	1,557,020.71
T	3,960,493.88	2,888,637.96

Remuneration range	2025 headcount	2024 headcount
500,000-1,000,000.00	2	2
Above 1,000,000.00	2	1
T	4	3

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts are in RMB unless otherwise indicated)

12 Share-based payments

As at 31 December 2023, the Company has granted 27 million shares of ordinary shares to its employees under the share option scheme. The exercise price of the share options is RMB11.20 per share. The share options are exercisable from 12 August 2024 to 31 December 2025. The share options are subject to a vesting schedule of 25% per year. The fair value of the share options granted is estimated to be RMB363,100 at the grant date. The fair value of the share options is estimated to be RMB555,000 at 31 December 2024. The fair value of the share options is estimated to be RMB322,000 at 31 December 2023. The share options are subject to a vesting schedule of 25% per year. The fair value of the share options granted is estimated to be RMB3,730,015 at the grant date.

On 12 August 2024, the Company granted 363,100 share options to its employees. The exercise price of the share options is RMB11.20 per share.

On 23 August 2024, the Company granted 555,000 share options to its employees. The exercise price of the share options is RMB7.80 per share.

On 18 July 2024, the Company granted 322,000 share options to its employees. The exercise price of the share options is RMB7.80 per share.

As at 31 December 2024, the Company has granted 1,240,100 share options to its employees under the share option scheme. The exercise price of the share options is RMB11.20 per share. The share options are exercisable from 12 August 2024 to 31 December 2025. The share options are subject to a vesting schedule of 25% per year. The fair value of the share options granted is estimated to be RMB3,730,015 at the grant date.

Vesting period	Vesting schedule	Vesting ratio
From 12 August 2024 to 31 December 2024	12	25%
From 1 January 2025 to 31 December 2025	12, 24	25%
From 1 January 2026 to 31 December 2026	24, 36	25%
From 1 January 2027 to 31 December 2027	36, 48	25%

Notes to the Financial Statements

For the Year Ended 31 December 2025

(Amount in thousands of RMB Yuan)

12 Share-based payments (Continued)

12.1 Equity-settled share-based payments

Determination method of the fair value of equity instruments on the date of grant	Market method
<p>At the end of the reporting period, the fair value of equity instruments granted is determined by the market method.</p>	<p>At the end of the reporting period, the fair value of equity instruments granted is determined by the market method.</p>
	<p>Carrying amount of equity instruments granted</p>
	<p>53,358,569.28</p>

12.2 Share-based payment expenses

Grant object	Amount in 2025		Amount in 2024	
	Equity-settled share-based payments	Cash-settled share-based payments	Equity-settled share-based payments	Cash-settled share-based payments
<p>Healthcare workers</p>	4,503,685.30	4,503,685.30	767,673.68	767,673.68
TOTAL	4,503,685.30	4,503,685.30	767,673.68	767,673.68

13 Contingencies

13.1 Significant commitments

13.1.1 Contractual commitments

At the end of the reporting period, the Company has the following significant contractual commitments:

Item	31 December 2025	31 December 2024
<p>Healthcare workers' share-based payments</p>	25,533,926.00	122,040,000.00
TOTAL	25,533,926.00	122,040,000.00

13.2 Contingencies

At the end of the reporting period, the Company has no significant contingencies.

Notes to the Financial Statements

For the Year Ended 31 December 2025

(Amounts are expressed in RMB Yuan unless otherwise stated)

16 Notes

16.1 Accounts receivable

16.1.1 Aging

Aging	Balance as at 31 December 2025	Balance as at 31 December 2024
Within 1 year (including 1 year)	42,090,776.46	74,677,055.21
1-2 years	4,493,170.46	6,288,695.61
2-3 years	2,644,852.66	257,315.13
3 years or more	49,228,799.58	81,223,065.95
Loss provision	12,544,534.74	11,526,313.86
T	36,684,264.84	69,696,752.09

The Company's accounts receivable are primarily derived from the sale of medical services. The Company's accounts receivable are classified into different aging categories based on the time period from the date of the transaction to the reporting date. The Company's accounts receivable are primarily derived from the sale of medical services. The Company's accounts receivable are classified into different aging categories based on the time period from the date of the transaction to the reporting date.

16.1.2 Details of accounts receivable

Category	Balance as at 31 December 2025				Book value	Balance as at 31 December 2024				
	Book balance		Provision for bad debts			Book value	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)			Amount	Proportion (%)	Amount	Proportion (%)
Receivable from related parties	11,916,666.11	24.21	11,916,666.11	100.00	10,763,194.65	13.25	10,725,880.17	99.65	37,314.48	
Receivable from other related parties	11,916,666.11	24.21	11,916,666.11	100.00	10,763,194.65		10,725,880.17		37,314.48	
Receivable from non-related parties	37,312,133.47	75.79	627,868.63	1.68	36,684,264.84	70.459,871.30	86.75	800,433.69	1.14	69,659,437.61
Loss provision	37,312,133.47	75.79	627,868.63	1.68	36,684,264.84	70,459,871.30	86.75	800,433.69	1.14	69,659,437.61
T	49,228,799.58	100.00	12,544,534.74		36,684,264.84	81,223,065.95	100.00	11,526,313.86		69,696,752.09

Notes to the Financial Statements

For the Year Ended 31 December 2025

(Amounts in RMB unless otherwise stated)

16 Notes to the Financial Statements (Continued)

16.1 Accounts receivable (Continued)

16.1.2 Details of accounts receivable (Continued)

Accounts receivable are classified into the following categories:

Name	Balance as at 31 December 2025			Provision basis	Balance as at 31 December 2024	
	Book balance	Provision for bad debts	Proportion of provision (%)		Book balance	Provision for bad debts
				Provision for bad debts for lifetime expected credit loss		
Particulars	11,916,666.11	11,916,666.11	100.00		10,763,194.65	10,725,880.17
T	11,916,666.11	11,916,666.11			10,763,194.65	10,725,880.17

Notes: (1) The accounts receivable are classified into the following categories: (a) 3.10

(b) 3.10

(c) 3.10

Name	Balance as at 31 December 2025		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Particulars	37,312,133.47	627,868.63	1.68
T	37,312,133.47	627,868.63	

Notes to the Financial Statements

For the Year Ended 31 December 2025

(Amounts are expressed in RMB Yuan)

16 Non-current assets (Continued)

16.1 Accounts receivable (Continued)

16.1.3 Receivables from related parties 2025

Category	Balance as at 31 December 2024		Balance as at 31 December 2025		Balance as at 31 December 2025
	RMB Yuan	RMB Yuan	RMB Yuan	US Dollars	
Receivables from related parties	10,725,880.17	4,405,824.83	3,215,038.89		11,916,666.11
Receivables from other related parties	800,433.69		172,565.06		627,868.63
T	11,526,313.86	4,405,824.83	172,565.06	3,215,038.89	12,544,534.74

16.1.4 Accounts receivable 2025

Item	Balance as at 31 December 2025
Accounts receivable	3,215,038.89

16.2 Other receivables

Item	Balance as at 31 December 2025	Balance as at 31 December 2024
Interest receivable	787,500.00	787,500.00
Dividend receivable	68,400,000.00	43,400,000.00
Others	481,675,800.90	572,688,222.47
T	550,863,300.90	616,875,722.47

Notes to the Financial Statements

For the Year Ended 31 December 2025

(Amounts in thousands of RMB Yuan)

16 Non-current assets held for sale (Continued)

16.2 Other receivables (Continued)

16.2.1 Impairment loss

Item	Balance as at	
	31 December 2025	31 December 2024
Trade receivables	787,500.00	787,500.00
Subsidiaries	787,500.00	787,500.00
Losses		
T	787,500.00	787,500.00

16.2.2 Deposits

Project (or investee)	Balance as at	
	31 December 2025	31 December 2024
Chengde Kangning Hospital Co., Ltd.	12,400,000.00	4,400,000.00
Yuhou Chengde Hospital Co., Ltd.	7,000,000.00	7,000,000.00
Qinghai Kangning Hospital Co., Ltd.	5,300,000.00	16,000,000.00
Yuhou Kangning Hospital Co., Ltd.	16,000,000.00	16,000,000.00
Qinghai Kangning Beiyuan Medical Co., Ltd.	10,700,000.00	
Liuhou Kangning Hospital Co., Ltd.	17,000,000.00	
Subsidiaries	68,400,000.00	43,400,000.00
Losses		
T	68,400,000.00	43,400,000.00

Notes to the Financial Statements

For the Year Ended 31 December 2025

(Amounts in thousands of RMB Yuan)

16 Notes to the Financial Statements (Continued)

16.2 Other receivables (Continued)

16.2.3 Other receivables

(1) Details of other receivables

Aging	Balance as at 31 December 2025	Balance as at 31 December 2024
Within 1 year (including 1 year)	129,893,005.85	532,356,857.00
1-2 years	189,701,628.70	32,666,417.15
2-3 years	109,787,806.90	8,304,612.39
3-4 years	52,311,522.50	496,167.22
4-5 years	496,167.22	706,350.52
More than 5 years	702,979.96	-
Sum	482,893,111.13	574,530,404.28
Less: Provision for bad debts	1,217,310.23	1,842,181.81
T	481,675,800.90	572,688,222.47

(2) Details of provision for bad debts

Category	Balance as at 31 December 2025				Book value	Balance as at 31 December 2024			
	Book balance Amount	Proportion (%)	Provision for bad debts Amount	Provision ratio (%)		Book balance Amount	Proportion (%)	Provision for bad debts Amount	Provision ratio (%)
Receivables from related parties	-	-	-	-	-	-	-	-	-
Receivables from non-related parties	482,893,111.13	100.00	1,217,310.23	0.25	481,675,800.90	574,530,404.28	100.00	1,842,181.81	0.32
Other receivables	54,961,446.39	11.38	1,217,310.23	2.21	53,744,136.16	65,297,554.50	11.37	1,842,181.81	2.82
Receivables from government	427,931,664.74	88.62	-	-	427,931,664.74	509,232,849.78	88.63	-	-
T	482,893,111.13	100.00	1,217,310.23		481,675,800.90	574,530,404.28	100.00	1,842,181.81	572,688,222.47

Notes to the Financial Statements

For the Year Ended 31 December 2025

(Amount in RMB million)

16 Notes to the Financial Statements (Continued)

16.2 Other receivables (Continued)

16.2.3 Other receivables (Continued)

(2) Details of other receivables (Continued)

Receivables from related parties

Particulars

Balance as at 31 December 2025

Name	Other receivables	Provision for bad debts	Proportion of provision (%)
Receivables from related parties	54,961,446.39	1,217,310.23	2.21
Receivables from other parties	427,931,664.74		
Total	482,893,111.13	1,217,310.23	

(3) Details of provision for bad debts

Particulars	Stage I	Stage II	Stage III	Total
	Expected credit losses for the next 12 months	Expected credit loss throughout the duration (no credit impairment has occurred)	Expected credit loss throughout the duration (credit impairment has occurred)	
Balance at 31 December 2024	1,842,181.81			1,842,181.81
For the Year Ended 31 December 2025				
- Total Stage II				
- Total Stage III				
- Reversal Stage II				
- Reversal Stage I				
Receivables from related parties 2025				
Receivables from other parties 2025	624,871.58			624,871.58
Write-off 2025				
Write-off 2025				
Other receivables				
Balance at 31 December 2025	1,217,310.23			1,217,310.23

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are in RMB unless otherwise specified)

16 Non-current assets

16.2 Other receivables (CNY)

16.2.3 Other receivables (CNY)

(4) Receivables from related parties 2025

Category	Balance as at 31 December 2024	Receivables from related parties 2025	Balance as at 31 December 2025
Accounts receivable	1,842,181.81	624,871.58	1,217,310.23
T	1,842,181.81	624,871.58	1,217,310.23

(5) Contract receivables

Nature of payment	Book balance as at 31 December 2025	Balance as at 31 December 2024
Insurance receivables	427,931,664.74	509,232,849.78
Health insurance receivables	34,457,000.00	38,067,000.00
Contract receivables	2,216,316.97	1,354,960.78
Debt receivables	1,937,991.24	2,487,401.88
Other receivables	677,919.00	1,075,972.66
Receivables from related parties	15,672,219.18	22,312,219.18
T	482,893,111.13	574,530,404.28

16.3 Long-term equity investments

Project	Balance as at 31 December 2025		Balance as at 31 December 2024	
	Book balance	Provision for impairment	Book value	Book value
Investment in equity instruments	793,352,571.90	793,352,571.90	771,544,043.35	771,544,043.35
Investment in debt instruments	65,319,529.44	65,319,529.44	63,293,944.52	63,293,944.52
T	858,672,101.34	858,672,101.34	834,837,987.87	834,837,987.87

Notes to the Financial Statements

For the Year Ended 31 December 2025

(All figures are expressed in RMB Yuan unless otherwise stated)

16 Non-current assets

16.3 Long-term equity investments (Currency)

16.3.1 Investments in subsidiaries

Investee	Balance		Currency		Balance (book value) as at 31 December 2025	Balance of provision for impairment as at 31 December 2025
	31 December 2024	31 December 2024	As at 31 December 2025	As at 31 December 2025		
Lingxi Kangning Hospital Co., Ltd.	14,480,000.00		765,000.00		13,715,000.00	
Wenhou Kangning Jiyuan Facility Co., Ltd.	500,000.00				500,000.00	
Wenhou Kangning Hospital Management Co., Ltd.	204,839,156.10			77,797.71	204,916,953.81	
Chengxi Kangning Hospital Co., Ltd.	52,734,559.81			55,969.91	52,790,529.72	
Yuxi Kangning Hospital Co., Ltd.	2,158,750.75			38,748.40	2,197,499.15	
Yixi Kangning Hospital Co., Ltd.	27,726,747.90			60,275.28	27,787,023.18	
Qixi Kangning Hospital Co., Ltd.	32,856,644.25		27,640,000.00		5,216,644.25	
Lixi Kangning Hospital Co., Ltd.	4,816,159.56			17,429.93	4,833,589.49	
Wenhou Xuli Yixi Hospital Co., Ltd.	51,000,000.00	9,000,000.00			60,000,000.00	
Pixi Chengxi Yixi Hospital Co., Ltd.	154,781,669.47		154,781,669.47			
Jixi Suli Hospital Co., Ltd.	29,051,800.00				29,051,800.00	
Dixi Xuli Hospital Co., Ltd.	14,510,000.00				14,510,000.00	
Wenhou Kangning Pharmacy Co., Ltd.	500,000.00				500,000.00	
Jixi Jiyuan Facility (Lixi Pharmacy)	6,660,000.00	12,340,000.00			19,000,000.00	
Wenhou Yixi Hospital Management Co., Ltd.	174,928,555.51	155,317,200.00		447,776.79	330,693,532.30	
Qixi Kangning Hospital Management Co., Ltd.		27,640,000.00			27,640,000.00	
T	771,544,043.35	204,297,200.00	183,186,669.47	697,998.02	793,352,571.90	

Notes to the Financial Statements

For the Year Ended 31 December 2025

(Amounts in thousands of RMB Yuan)

16 Non-current assets (Continued)

16.3 Long-term equity investments (Continued)

16.3.2 Investments in subsidiaries

Investee	31 December 2024				31 December 2025		Balance of provision for impairment as at 31 December 2025
	Investment cost	Share of profits or losses	Share of other comprehensive income	Share of equity	Investment cost	Share of profits or losses	
							Balance (Book value) as at 31 December 2025
							provision for impairment as at 31 December 2025

Notes to the Financial Statements

For the Year Ended 31 December 2025

(Amounts in thousands of RMB Yuan)

16 Notes to the Financial Statements (Continued)

16.4 Operating revenue and cost of sales (Continued)

16.4.3 Description of the performance obligations

Item	Time to fulfill the performance obligation	Important payment terms	Nature of goods promised to be transferred by the Company	Whether to be the principal responsible person	Amounts expected to be returned to customers that the Company has assumed	Type of quality assurance provided by the Company and related obligations
Diagnosis and treatment services	Time to fulfill the performance obligation	By the Company	Diagnosis and treatment services	Yes	None	None

16.5 Investment income

Item	Amount in 2025	Amount in 2024
Interest income from bank deposits	25,000,000.00	47,438,461.27
Interest income from other financial assets	2,025,584.92	1,695,251.38
T	27,025,584.92	49,133,712.65

Wenhou Kangning Hospital Co., Ltd.
(Weihou Kangning Hospital Co., Ltd.)
23 March 2026

Definitions

AGM	Annual General Meeting of the Company
A	Share
Authorized Capital	Authorized Capital of the Company
Beijing Yuhou Hospital	Beijing Yuhou Hospital Co., Ltd. (北京怡寧醫院有限公司), PRC, established on August 17, 2015, in Beijing, PRC
Beijing Deyuan Hospital	Beijing Deyuan Hospital Co., Ltd. (北京德源醫院有限公司), PRC, established on July 15, 2012, in Beijing, PRC
CGC	China General Chamber of Commerce
Changchun Kanglin Psychological Hospital	Changchun Kanglin Psychological Hospital Co., Ltd. (長春康林心理醫院有限公司), PRC, established on February 16, 2016, in Changchun, PRC
Changchun Yuhou Hospital	Changchun Yuhou Hospital Co., Ltd. (長春怡寧醫院有限公司), PRC, established on January 29, 2010, in Changchun, PRC
Changchun Kanglin Huangfeng Hospital	Changchun Kanglin Huangfeng Hospital Co., Ltd. (長春康寧黃鋒醫院有限公司), PRC, established on August 16, 2020, in Changchun, PRC
China Warehouse	China Warehouse Co., Ltd. (中國倉庫), PRC, established in Hong Kong, SAR, PRC, with a registered office at M.B. House, 111, King's Road, Hong Kong (SAR, PRC) (S. C. No.: 2120)
Company Secretary	M. GUAN WANG and M. WANG LI

Definitions

D	()	() C
D	S ()	S () C RMB1.00 RMB S
D	L H	D L H C, L C J 5, 2018,
G	H	W Y G H C L. (温州怡寧老年醫院有限公司), PRC N 2, 2015, C
G	S	C
G	Y H	G Y H C, L. (冠縣怡寧醫院有限公司), PRC M 1, 2017, C
H	S ()	S () RMB1.00 M B H K S E
H	Y H	H Y P H C, L. (荷澤怡寧精神病醫院有限公司), PRC A 6, 2017, C
H	K	H K

Definitions

<p>H₁ K₁ •</p>	<p>H₁ K₁ S₁ A₁ R₁ PRC</p>
<p>H₁ K₁ L₁ R₁ •</p>	<p>R₁ G₁ L₁ S₁ T₁ E₁ H₁ K₁</p>
<p>H₁ K₁ S₁ E₁ •</p>	<p>T₁ S₁ E₁ H₁ K₁ L₁</p>
<p>I₁ S₁ () •</p>	<p>N₁ D₁ S₁ E₁ I₁ S₁ P₁ E₁ I₁ S₁ I₁ S₁ P₁ S₁ C₁ I₁ S₁</p>
<p>H₁ K₁ H₁ •</p>	<p>H₁ K₁ H₁ C₁, L₁ (淮南康寧醫院有限公司), PRC S₁ 22, 2017, C₁</p>
<p>J₁ S₁ H₁ •</p>	<p>J₁ S₁ H₁ C₁, L₁ (縉雲舒寧醫院有限公司), PRC E₁ 15, 2019, C₁</p>
<p>L₁ R₁ D₁ •</p>	<p>A₁ 22, 2025, C₁</p>
<p>L₁ K₁ H₁ C₁, L₁ •</p>	<p>L₁ K₁ H₁ C₁, L₁ C₁ E₁ 6, 2023, C₁</p>
<p>L₁ K₁ H₁ •</p>	<p>L₁ C₁ K₁ H₁ C₁, L₁ (婁底市康樂康寧醫院有限責任公 司), PRC A₁ 28, 2017, C₁</p>
<p>L₁ Y₁ H₁ •</p>	<p>W₁ Y₁ H₁ C₁, L₁ (溫州鹿城怡寧醫院有限公司), PRC A₁ 2, 2020, C₁</p>

Definitions

臨海慈寧醫院有限公司	臨海慈寧醫院有限公司 (Linhai Cining Hospital Co., Ltd.), PRC, December 11, 2020, (Linhai Cining Hospital Co., Ltd.)
美國	United States of America, PRC
醫療器械	Medical Devices, State Drug Administration (SDA) Class III Medical Devices, China
寧波慈寧醫院有限公司	Ningbo Cining Hospital Co., Ltd., December 11, 2015, (Ningbo Cining Hospital Co., Ltd.)
浦江怡寧醫院有限公司	Pujiang Yining Hospital Co., Ltd., December 14, 2021, (Pujiang Yining Hospital Co., Ltd.)
浦江怡寧醫院有限公司	Pujiang Yining Hospital Co., Ltd., December 3, 2018, (Pujiang Yining Hospital Co., Ltd.)
PRC 公司	People's Republic of China, (PRC)
PRC 公司法	PRC Company Law (中華人民共和國公司法), State Company Law, PRC, December 29, 2023, (PRC Company Law, December 1, 2024)
人民幣	RMB, RMB3.2, State (RMB), December 31, 2025, (RMB), AGM, RMB
人民幣	RMB, December 10, 2015

Definitions

Qingting Kangning Hospital •

Qingting Kangning Hospital Co., Ltd. (青田康寧醫院有限公司),
PRC

Qingting Yixing Hospital •

Qingting Yixing Hospital Co., Ltd. (衢州怡寧醫院有限公司),
PRC

Trust Period
R. Period

December 31, 2025

RMB •

Renminbi Yuan •

RMB •

PRC

SFO •

SFO Securities and Futures Commission (香港證券及期貨委員會),
Hong Kong

S •

S • (Renminbi Yuan) • C • RMB1.00
D • S • HS •

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Shenzhen Yixing Hospital •

Shenzhen Yixing Hospital (深圳怡寧醫院),
Shenzhen Yixing Hospital Co., Ltd. (深圳市怡寧醫院有限公司),
PRC
Shenzhen, 22, 2014, C •

Singapore R. M. •

Singapore • B •

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H • K •)

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• H • K • L • R •

Su •

Su • C •

Su • C •

C • Su • C • PRC C •

Definitions

本公司	溫州慈寧醫院有限公司
本公司醫院	溫州慈寧醫院有限公司 (溫州慈寧醫院有限公司), PRC 2006年12月25日, 中國
本公司區海怡寧老年醫院	溫州區海怡寧老年醫院有限公司 (溫州區海怡寧老年醫院有限公司), PRC 2021年8月, 中國
怡寧心理互聯網醫院 (溫州) 有限公司	怡寧心理互聯網醫院 (溫州) 有限公司 (WZHUYI) 有限公司, PRC 2020年10月, 中國
永嘉康寧醫院	永嘉康寧醫院有限公司 (永嘉康寧醫院有限公司), PRC 2012年12月, 中國
樂清康寧醫院	樂清康寧醫院有限公司 (樂清康寧醫院有限公司), PRC 2013年3月, 中國
樂清怡寧中西醫結合醫院	樂清怡寧中西醫結合醫院有限公司 (樂清怡寧中西醫結合醫院有限公司), PRC 2006年4月, 中國
	樂清邦爾中西醫結合醫院有限公司 (樂清邦爾中西醫結合醫院有限公司)
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