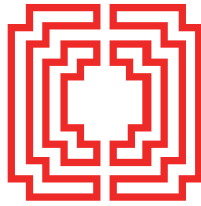


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溫州康寧醫院股份有限公司

Wenzhou Kangning Hospital Co., Ltd.

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

## 2 FINANCIAL HIGHLIGHTS

### 2.1 Principal Financial Data and Indicators

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

### 3 BUSINESS REVIEW AND OUTLOOK

#### 3.1 Business Review

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

During the reporting period, the group recorded total revenue of RMB1,619.8 million, an increase of 2.1% as compared to 2024. Among them, the revenue from operating hospitals amounted to RMB1,448.7 million, an increase of 4.6% as compared to 2024. During the reporting period, the group's net profit attributable to Shareholders of the Company amounted to RMB54.4 million, an increase of 17.1% as compared to 2024. As of December 31, 2025, the group has 34 operating hospitals (December 31, 2024: 32), including an independent stable shared mental hospital (including Sychog Intera Hospital), and the number of operating beds reached 11,508 (December 31, 2024: 11,508).

#### ***Psychiatric Healthcare Business***

*Revenue declined under pressure but overall operation stable and controllable*

In 2025, under the combination of multiple factors such as the normalization of medical insurance cost control and the rising labor cost of medical staff, revenue from the group's psychiatric healthcare business has declined as compared to the same period last year, and the profitability of the business is under obvious pressure. However, the increasing demand for psychiatric healthcare, being a mature specialty with operational capabilities and good regional brand advantages, the group actively deepened regional impacts through standardized operation, differentiated positioning, and refined management and cost reduction to enhance the overall operation momentum of the psychiatric healthcare business, and its core fundamentals maintained stability.



### 3.2 Business Highlights

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

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

In the field of discipline construction and scientific research innovation, the Group was approved for 3 projects under the "Zhangrovne's Top Soldiers (尖兵)", "Leading Geese (领雁)" and "R&D Breakthrough Program"; the "cherry's attainment" on difficult practice "dorsal" as selected as the first batch of "small but strong" cultivation and innovation units in Zhangrovne, the 22 national diagnosis and treatment technology/projections were added, 45 SCI papers were published, and 1 international patent was granted throughout the year.

In the field of industrial upgrading, Zhangrovne established the Technology Co., Ltd., a subsidiary of the Group, as a leading Zhangrovne Specialized and Sophisticated Enterprises and a leading Enterprises. Meanwhile, Shanghai Steffence achieved along Zhangrovne Denng Pharmaceutical Co., Ltd. and Zhangrovne Technology Co., Ltd., both being our subsidiaries, and other industrial sectors, gradually building a diversified support system with the pharmaceutical industry, information, psychology services, and forming a "about of industrial mutual promotion of the theater" sector and the industry.

### 3.3 Business Outlook

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

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

#### Prospect

In 2026, although there will be uncertainties in the economic recovery of the global economy and normalised price control over domestic medical insurance and the industry competition continue in the short run, the continuous change of public health affairs and the constant deepening of population ageing in China will provide a foundation for the long-term growth and the psychophysical healthcare and other healthcare businesses. Meanwhile, the direction of social healthcare is obvious, including towards standardization, specialization, and brand concentration. Being the first Bar of the "15th Five-Year Plan", 2026 is an important Bar for the Group's transformation and development strategy, and the Group adheres to the general principle of "seeking progress while maintaining stability and making breakthroughs in innovation", and accelerates the transformation of its development model from scale expansion to connotation improvement and efficient operation. The Group continues to uphold the core values of "being sincere and serving the human touch", steadfastly to the essence of healthcare services, and pursue the direction of "Specialization and Innovation, Quality Improvement and Efficiency Enhancement". Being a leading artificial intelligence application operations, the Group sees the development opportunities arising from the introduction of psychophysical healthcare and other healthcare, and further strengthens its position as a medical practice institution through better and more healthcare services to create long-term stable value for shareholders.

## 4 MANAGEMENT DISCUSSION AND ANALYSIS

### 4.1 Financial Review

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

#### 4.1.1 Revenue and Cost of Revenue

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

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

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

Revenue and cost of revenue from operating hospitals

Revenue from operating hospitals consists of fees ("Billing Revenue") charged for outpatient visits and inpatient services at the Group's various hospitals, which can be divided into treatment and general healthcare services and pharmaceutical sales, as well as variable considerations for medical services provided by the Group, mainly including medical insurance settlement fees.

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

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

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

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

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

During the reporting period, the total hospital revenue of the Group amounted to RMB1,479.0 million, representing a decrease of RMB103.0 million from 2024, mainly due to the decrease in billing revenue of inpatient days, emergency department, long-term nursing hospital, Bang Change nursing hospital and nursing hospital. During the reporting period, the gross profit of the Group's total hospital business as a percentage of billing revenue has decreased by 11.5% as compared with that in 2024, mainly due to the decrease in inpatient spending per day.

The table below sets forth a breakdown of Billing Revenue of the Group's owned hospitals by inpatient and outpatient beds. Each attribute characterizes business and derived character business for the period and category, the relevant operating data:

### Psychiatric healthcare business

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

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

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

During the reporting period, inpatient B<sub>1</sub> revenue from the psychiatric business as RMB78.8 million, representing a decrease of 5.9% from 2024, mainly due to the decline in the growth rate of inpatient hospitalization in the reporting period, including long-term hospitalization, temporary hospitalization, day care hospitalization and day hospitalization, and the resulting decrease in spending per bed per day of the psychiatric hospital business by 6.2% as compared with the same period in 2024. Inpatient B<sub>1</sub> revenue of the psychiatric hospital business accounted for 83.9% (2024: 84.3%) of the B<sub>1</sub> revenue of the psychiatric hospital business.

During the reporting period, outpatient B<sub>1</sub> revenue from the psychiatric hospital business

## Elderly healthcare business

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

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

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

During the reporting period, as the inpatient and outpatient segment under the DRB hospital business both declined, BNG revenue from treatments and general hospital services under the general hospital business decreased by 9.8% from 2024, the proportion to the BNG revenue from the DRB hospital business of owned hospitals decreased to 75.6% (2024: 76.2%), and the BNG revenue from pharmaceutical sales under the DRB hospital business decreased by 7.0% as compared to 2024, accounting for 24.4% (2024: 23.8%) of the BNG revenue from the DRB hospital business. In particular, the proportion of inpatient BNG revenue from pharmaceutical sales to the total inpatient BNG revenue from the DRB hospital business increased to 22.7% (2024: 21.3%), and the proportion of outpatient BNG revenue from pharmaceutical sales to the total outpatient BNG revenue from the DRB hospital business increased to 55.6% (2024: 55.5%).

Cost of revenue of the group's owned hospitals primarily consisted of pharmaceuticals and consumables used in operations, depreciation and amortization of long-term assets, canteen expenses and staffing fees. The table below sets forth a breakdown of cost of revenue of the group's owned hospitals for the periods indicated:

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

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

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

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

#### 4.1.3 Tax and Surcharge

During the reporting period, the tax and surcharge of the group amounted to RMB11.2 million (2024: RMB12.3 million), of which housing property tax of RMB8.1 million and property tax of RMB3.1 million.

#### 4.1.4 Selling Expenses

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

#### 4.1.5 Administrative Expenses

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

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

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

#### 4.1.6 Research and Development Expenses

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

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

During the reporting period, the Group's research and development expenses amounted to ¥30.1 million (2024: ¥36.5 million), representing a decrease of 17.5% as compared with 2024. The proportion of research and development expenses to the revenue from operating ordinary hospitals of the Group decreased to 2.1% (2024: 2.4%).

#### 4.1.7 Finance Expenses – Net

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

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

During the reporting period, the net finance expense of the Group amounted to ¥46.3 million, representing a decrease of ¥1.3 million as compared with 2024, among which bank borrowing net expense decreased by ¥5.9 million as compared with 2024, mainly due to lower net interest rates of bank borrowing of the Group.

### 4.1.8 Investment Gains

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

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

#### 4.1.11 Non-Operating Income and Non-Operating Expenses

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

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

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

#### 4.1.12 Income Tax Expense

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

## 4.2 Financial Position

### 4.2.1 Inventory

As of December 31, 2025, the balance of inventory amounted to \$ B46.0 million (as of December 31, 2024: \$ B50.6 million), and including the related inventory and turnover ratios.

### 4.2.2 Accounts Receivable

As of December 31, 2025, the balance of accounts receivable amounted to \$ B462.9 million (as of December 31, 2024: \$ B571.8 million), representing a decrease of 19.0% as compared with the balance as of December 31, 2024, and attributable to the decrease in the amount recorded in the related financial accounts as a result of the decrease in the related present amount due to the change in present rates of the related non-current assets.

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

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

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

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

#### **4.2.9 Intangible Assets**

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

#### **4.2.10 Goodwill**

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

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

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

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

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

#### **4.2.13 Accounts Payable**

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

#### 4.2.14 Receipts in Advance

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

#### 4.2.15 Other Payables

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

### 4.3 Liquidity and Capital Resources

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

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

#### 4.3.1 Net Cash Generated from Operating Activities

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

#### 4.3.2 Net Cash Used in Investing Activities

During the reporting period, net cash used in investing activities amounted to RMB203.9 million, primarily due to the amount of RMB189.5 million for purchasing property, plant and equipment, net of depreciation, among others, the investments in the infrastructure of long-term operating assets, such as long-term operating assets and non-current operating assets.

#### 4.3.3 Net Cash Generated from Financing Activities

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

### 4.3.4 Significant Investment, Acquisition and Disposal

The Group had no significant investment, acquisition and disposal during the reporting period.

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

## 4.4 Indebtedness

### 4.4.1 Bank Borrowings

As of December 31, 2025, the balance of bank borrowings of the Group amounted to RMB989.2 million (as of December 31, 2024: RMB946.2 million), primarily attributable to repayment of borrowings of RMB400.6 million and an increase in borrowings of RMB443.6 million during the reporting period.

### 4.4.2 Contingent Liabilities

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

### 4.4.3 Asset Pledge

The Group's financing expenses are related to the real estate project of Wufang Quanting Building District No. 826751, Wufang Quanting Building District No. 826750, Zhongnan (2016) Real Estate Rights No. 0010144, Zhongnan (2016) Real Estate Rights No. 0010142, Zhongnan (2021) Real Estate Rights No. 0081628, Wuyuan (2015) No. 1-11836, and Wuyuan (2015) No. 1-11833 to Lianhua Bank Wuyuan Branch, and Zhongnan (2017) Cangnan County Real Estate Rights No. 0018361 to ICBC Bank Ouha Sub-branch for obtaining bank loans. As of December 31, 2025, the balance of such pledged borrowings amounted to RMB385.2 million. Wuyuan (2015) No. 1-11836, and Wuyuan (2015) No. 1-11833 to Lianhua Bank Wuyuan Branch, and Zhongnan (2017) Cangnan County Real Estate Rights No. 0018361 to ICBC Bank Ouha Sub-branch for obtaining bank loans. As of December 31, 2025, the balance of such pledged borrowings amounted to RMB112.0 million. Jiyun Shuneng Real Estate Project Real Estate Project No. Zhongnan (2020) Real Estate Rights No. 0068897 to BOCO Wuyuan Commercial Sub-branch. As of December 31, 2025, the balance of such pledged borrowings amounted to RMB112.0 million. Jiyun Shuneng Real Estate Project Real Estate Project No. Zhongnan (2022) Jiyun Real Estate Rights No. 0002503 and the buildings and other attachments on the ground Real Estate Project No. Jan Z No. 331122202000043 to Zhongnan Jiyun Wuyuan Commercial Bank Wuyuan Sub-branch. As of December 31, 2025, the balance of such pledged borrowings amounted to RMB35.0 million. Quneng Real Estate Project Real Estate Project No. Zhongnan (2022) Quneng Real Estate Rights No. 0045588 to China CITIC Bank Wuyuan Branch. As of December 31, 2025, the balance of such pledged borrowings amounted to RMB57.8 million. Wuyuan Real Estate Project Real Estate Project No. Zhongnan (2023) Wuyuan Real Estate Rights No. 0004112 to China CITIC Bank Wuyuan Branch. As of December 31, 2025, the balance of such pledged borrowings amounted to RMB60.0 million.

#### **4.4.4 Lease Liabilities**

The lease liabilities of the Group primarily consist of operating lease arrangements. As of December 31, 2025, the present value of unsettled lease payments under non-cancellable lease arrangements, after deducting an amount of ₹ B36.4 million which is due thereon earlier, as ₹ B148.5 million.

#### **4.4.5 Financial Instruments**

Financial instruments of the Group consist of accounts receivable, other non-current financial assets, other receivables, cash and cash equivalents, bank borrowings, accounts payable and other payables. The Company's management manages and monitors these risks to ensure effective use of assets and appropriate financial management.

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

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

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

#### **4.4.7 Gearing Ratio**

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

#### **4.4.8 Employees and Remuneration Policy**

As of December 31, 2025, the Group had a total of 5,354 full-time employees (as of December 31, 2024: 4,869 full-time employees). During the reporting period, employees' remuneration (including salaries and other forms of employee benefits) amounted to approximately ₹ B659.8 million (2024: ₹ B644.1 million). The average remuneration of our employees amounted to ₹ B126.9 thousand per year (including pension, social insurance scheme and housing provident fund scheme borne by the Group). Remuneration of employees is determined with reference to the salary level in the same industry and the qualifications, experience and performance of such employees.

4.4.8.1 **Equity Incentive Scheme**

In order to further motivate the employees and management and corporate persons of the group, the Company has formulated the Equity Incentive Scheme for the year 2018 of Wipro Engineering Services Co., Ltd. (the **Equity Incentive Scheme**), which was considered and approved at the annual general meeting of the Company for the year 2017 convened on June 13, 2018. In order to meet the requirement of ascertained share capital for the Company's A share listing application in the future, the Board of the Company considered and approved the

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#### 4.4.8.2 *Share Award and Trust Scheme*

To attract, motivate and retain the best and the brightest, core backbone members of the channels and management – to continuously strive for the continuing operation and development of the Company in the future, in accordance with the requirements of the Company and of the people's Republic of China and other relevant laws, administrative regulations, regulatory documents and the Articles of Association, the Company has formulated the Share Award and Trust Scheme, which has considered and approved by the 2023 first extraordinary general meeting of the Company convened on September 27, 2023. The essence of the content of the scheme, capital deduction and net share have the same meanings as those defined in the circular of the Company dated September 8, 2023 and the announcements of the Company dated September 27, 2023, April 12, 2024, April 23, 2024 and June 18, 2024.

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

Under the Share Award and Trust Scheme, the selected participants (including consolidated persons) of the first actual grant comprised a total of 36 persons, the 364,100 award shares being granted. The selected participants (including consolidated persons) of the second phase of the actual grant comprised a total of 36 persons, the 616,000 net share shares being granted. The selected participants (including consolidated persons) of the third phase of the actual grant comprised a total of 52 persons, the 335,000 award shares being granted. As of the date of this announcement, a total of 10 participants are held, corresponding to a total of 92,000 award shares. As of the date of this announcement, the selected participants of the actual grant under the Share Award and Trust Scheme comprised 98 persons, and a total of 1,240,100 award shares had been granted, and 12,750 shares had been forfeited. The award shares granted accounted for approximately 1.7615% of the total issued share capital of the Company including the Shares purchased but not yet taken by the Company as of the date of this announcement. For details of the grant plan, please refer to the circular of the Company dated September 8, 2023 and the announcements of the Company dated September 27, 2023, April 12, 2024, April 23, 2024 and June 18, 2024.

## 5 SIGNIFICANT EVENTS

### 5.1 Proposed Final Dividend

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

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

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

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

As of December 31, 2025, no Shareholders have applied or agreed to apply for dividends.

## 6 PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

## 7 REVIEW OF ANNUAL RESULTS

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

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

## 8 COMPLIANCE WITH CG CODE

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

## 9 COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as a code of conduct of the Company for its Directors' and Supervisors' securities transactions in the Company, having made specific enquiries of the Directors and Supervisors of the Company, the Directors and the Supervisors of the Company have complied with the requirements set out in the Model Code during the reporting period.

## 10 EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

## 11 AUDITORS AND WORKING SCOPE

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



According to the Note on Structure of the Account ng Standards for

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

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

2024

**Items**

**VI. Other comprehensive income, net of tax**

Other comprehensive income attributable to shareholders of the parent company, net of tax

(I) Other comprehensive income that cannot be classified to profit and loss

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

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

1. Other comprehensive income that can be classified to profit or loss under the equity method -
2. Change in fair value of other debt instruments -
3. Amount of financial assets classified into other comprehensive income -
4. Credit impairment provisions for other debt instruments -
5. Gains for cash flow hedges -
6. Exchange difference on translation of financial statements in foreign currencies -
7. Others -

Other comprehensive income attributable to non-controlling interests, net of tax -

**VII. Total comprehensive income**

Attributable to shareholders of the parent company  
Attributable to non-controlling interests

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

**VIII. Earnings per Share:**

(I) Basic Earnings per Share (Basic EPS)  
(II) Diluted Earnings per Share (Diluted EPS)

	0.76	0.88
	0.76	0.88

**12.2.2 Annual Consolidated Balance Sheets**

(Amounts in Billions of Dollars)

December 31, 2013

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

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

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

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

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

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

## 12.2.4 Consolidated Statement of Changes in Shareholders' Equity

(Amounts in B. Yuan unless otherwise stated)

Items	Other equity instruments				Amount for the current period Equity attributable to owners of the parent company								Non - controlling interests	Total owners' equity
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less:		Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Subtotal		
						Treasury stock	Other comprehensive income							
I. Balance as at the end of the previous year	72,670,000	-	-	-	790,024,238	22,366,849	-	-	38,399,577	-	344,285,828	1,223,012,795	120,288,896	1,343,301,691
Plus: Change in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of accounting errors in prior periods	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combinations under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance as at the beginning of the current year	72,670,000	-	-	-	790,024,238	22,366,849	-	-	38,399,577	-	344,285,828	1,223,012,795	120,288,896	1,343,301,691
III. Increase/decrease in the current period														
(I) Total comprehensive income	-311,100	-	-	-	-29,378,911	25,448,777	-	-	-	-	19,944,472	-35,194,316	3,522,524	-31,671,793
(II) Other contribution and capital transfers	-	-	-	-	-	-	-	-	-	-	54,395,980	54,395,980	-17,792,057	36,603,923
(III) Other contribution and capital transfers	-311,100	-	-	-	1,564,386	25,448,777	-	-	-	-	-	-24,195,490	25,399,704	1,144,214
1. Common stock contributed by others	-311,100	-	-	-	-2,939,299	25,448,777	-	-	-	-	-	-28,699,175	25,399,704	-3,359,471
2. Capital reserve transferred of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amounts of share-based payments recognized in the current period	-	-	-	-	4,503,685	-	-	-	-	-	-	4,503,685	-	4,503,685
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

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Other instruments		Amount for the previous period	
		Attributable to owners of the parent company	
		e ss:	
Share capital	Preferred shares	Capital reserve	Treasury stock
	Preferred bonds		Preferred stock
	Other		

Items	Amount for the previous period													
	Other equity instruments				Equity attributable to owners of the parent company									
	Share capital	Preferred shares	Repurchase bonds	Others	Capital reserves	Reserve for future losses	Reserve for comprehensive income	Special reserves	Surplus reserves	Reserve for general risk	Retained earnings	Subtotal	Controlling interests	Total equity
(III) Distribution of profits											-33,280,590	-33,280,590	-2,891,517	-36,172,107
1. Withdrawal of surplus reserves														
2. Withdrawal of provisions for general risk														
3. Profit distributed to owners (or shareholders)											-33,280,590	-33,280,590	-2,891,517	-36,172,107
4. Others														
(IV) Internal transfer of owners' equity														
1. Conversion of capital reserves into paid-up capital (or share capital)														
2. Conversion of surplus reserves into paid-up capital (or share capital)														
3. Surplus reserves offsetting losses														
4. Transfer of changes in the defined benefit plan for retirement earnings														
5. Transfer of other comprehensive income for retirement earnings														
6. Others														
(V) Special reserves														
1. Withdrawal for the period														
2. Add for the period														
(VI) Others					-35,233,759							-35,233,759		-35,233,759
IV. Balance at the end of the period	72,670,000				790,024,238	22,366,849			38,399,577		344,285,828	1,223,012,795	120,288,896	1,343,301,691

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

### 12.3.1 Accounts receivable

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

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

Accounts receivable shown by classification of bad debt provisions

	December 31, 2025				
	Balance of carrying amount		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Percent of provision (%)	
Accounts receivable with provisions for bad debts on the individual basis	15,171,844	3.0	15,171,844	100.0	
Including: Amount due from patients	15,171,844	3.0	15,171,844	100.0	0.00
Accounts receivable with provisions for bad debts on the grouping basis	487,982,899	97.0	25,043,329	5.1	462,939,570
Including: Ordinary grouping	<u>487,982,899</u>	<u>97.0</u>	<u>25,043,329</u>	<u>5.1</u>	<u>462,939,570</u>
<b>Total</b>	<b><u><u>503,154,743</u></u></b>	<b><u><u>100.0</u></u></b>	<b><u><u>40,215,173</u></u></b>	<b><u><u>8.0</u></u></b>	<b><u><u>462,939,570</u></u></b>

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

### 12.3.2 Accounts payable

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

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

### 12.3.3 Revenue and cost of sales

The analysis of revenue and cost of sales is as follows:

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

*Breakdown of revenue:*

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

**12.3.4 Credit impairment losses**

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

**12.3.5 Earnings per Share**

*Basic earnings per Share*

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

*Distributions per Share*

Distributions per Share is calculated both consolidated and profit attributable to the ordinary shareholders of the parent company (divided by the weighted average number of outstanding ordinary Shares of the Company).

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

**12.3.6 Income tax expenses**

*Table of income tax expenses*

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

Impact on total profit and income tax expense

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

### 12.3.7 Dividend

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

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

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

## 13 DEFINITIONS

- “Annual general meeting” the annual general meeting of the Company for the year 2025 to be convened during course
- “Audit Committee” the audit committee of the Board
- “Beijing Inng Hospital” Beijing Inng Hospital Co., Ltd. (北京怡寧醫院有限公司), a company established in the PRC the established on August 17, 2015, one of the Company's indirect non-controlling subsidiaries
- “Board” the board of directors of the Company
- “Company” or “Wanhou Angnng Hospital” Wanhou Angnng Hospital Co., Ltd., a joint stock listed company established under the laws of the PRC, the Shares of which are listed on the Shanghai Stock Exchange of Hong Kong Limited (Stock Code: 2120)
- “Code” the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules

“Director(s)”	the director(s) of the Company
“Domestic Share (s)”	ordinary Share (s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange
“Group” or “e” or “our”	the Company and its subsidiaries
“Share (s)”	ordinary listed foreign new listed ordinary Share (s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Shanghai Stock Exchange of Hong Kong Limited
“\$” or “D”	the respective currencies of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules governing the listing of Securities on the Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huainan Kangning Hospital”	Huainan Kangning Hospital Co., Ltd. (淮南康寧醫院有限公司), a company established in the PRC, which was established on September 22, 2017, one of the Company's indirect non-holding Board subsidiaries
“Jin Yun Shunng Hospital”	Jin Yun Shunng Hospital Co., Ltd. (縉雲舒寧醫院有限公司), a company established in the PRC, which was established on February 15, 2019, one of the Company's non-holding Board subsidiaries
“Longquan Kangning Hospital”	Longquan Kangning Hospital Co., Ltd. (龍泉康寧醫院有限公司), a company established in the PRC, which was established on February 6, 2023, one of the Company's indirect holding Board subsidiaries
“Wenzhou Huchangning Hospital”	Wenzhou Huchangning Hospital Co., Ltd. (溫州鹿城怡寧醫院有限公司), a company established in the PRC, which was established on April 2, 2020, one of the Company's direct non-holding Board subsidiaries
“Taizhou Canning Hospital”	Taizhou Canning Hospital Co., Ltd. (台州市路橋慈寧醫院有限公司), previously known as Taizhou Huchangning Hospital Co., Ltd. (台州市路橋怡寧醫院有限公司), a company established in the PRC, which was established on December 12, 2016, one of the Company's indirect non-holding Board subsidiaries

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B BOrd r of th Board  
**Wenzhou Kangning Hospital Co., Ltd.**  
**GUAN Weili**  
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